

**Introduced by Committee on Health (Senators Hernandez (Chair),
Hall, Mitchell, Monning, Nguyen, Nielsen, Pan, Roth, and Wolk)**

March 26, 2015

An act to amend Sections 11801, 11830.1, 11835, 103577, 104151, and 128456 of, and to repeal Sections 130316 and 130317 of, the Health and Safety Code, and to amend Sections 4033, 4040, 4095, 4096.5, 5326.95, 5400, 5585.22, 5601, 5611, 5664, 5701.1, 5701.2, 5717, 5750, 5845, 5847, 5848, 5848.5, 5892, 5899, 5902, 11467, 11469, 14021.4, 14124.24, 14251, 14499.71, 14707, 14711, 14717, 14718, 14725, 15204.8, 15847.7, and 17604 of the Welfare and Institutions Code, relating to health.

LEGISLATIVE COUNSEL'S DIGEST

SB 804, as introduced, Committee on Health. Health.

(1) Existing law regulates provision of programs and services relating to mental health and alcohol and drug abuse at the state and local levels and serving various populations. These provisions contain various obsolete references to the California Mental Health Directors Association, the County Alcohol and Drug Program Administrators' Association of California, and similar entities.

This bill would delete those obsolete references and would refer instead to the County Behavioral Health Directors Association of California, and would make additional conforming changes.

(2) Existing law requires the State Department of Health Care Services to provide, no later than January 10 and concurrently with the May Revision of the annual budget, the fiscal committees of the Legislature with an estimate package for the Every Woman Counts Program for early detection of breast and cervical cancer.

This bill would require the department additionally to provide to the fiscal and appropriate policy committees of the Legislature quarterly updates on caseload, estimated expenditures, and related program monitoring data for the Every Woman Counts Program, as prescribed. The bill would declare the intent of the Legislature that these provisions supersede similar reporting requirements imposed on the State Department of Public Health by specified uncodified legislation.

(3) Existing law, for purposes of Medi-Cal provisions relating to entities that provide payment for certain covered services on behalf of eligible persons, enrollees or subscribers, includes a nonprofit hospital service plan within the descriptions of a fiscal intermediary, a prepaid health plan, and group health coverage.

This bill would delete a nonprofit hospital service plan from inclusion as a fiscal intermediary, prepaid health plan, or group health coverage, under the above circumstances.

(4) Existing law establishes the State Department of Public Health and sets forth its powers and duties, including, but not limited to, duties as State Registrar relating to the uniform administration of provisions relating to vital records and health statistics. Existing law requires the State Registrar, local registrar, or county recorder to, upon request and payment of the required fee, supply to an applicant a certified copy of the record of a birth, fetal death, death, marriage, or marriage dissolution registered with the official. Existing law authorizes the issuance of certain records without payment of the fee.

Existing law, on and after July 1, 2015, requires each local registrar or county recorder to issue, without a fee, a certified record of live birth to any person who can verify his or her status as a homeless person or a homeless child or youth, as defined.

This bill would specify that no issuance or other related fee would be changed under the above circumstances.

(5) Under the Health Insurance Portability and Accountability Implementation Act of 2001, the Office of HIPAA Implementation assumes statewide leadership, coordination, policy formulation, direction, and oversight responsibilities for HIPAA implementation, and exercises full authority relative to state entities to establish policy, provide direction to state entities, monitor progress, and report on implementation efforts. Under existing law, these duties have been assumed by a successor entity, the Office of Health Information Integrity. These provisions become inoperative and are repealed as of

June 30, 2016, at which time funds appropriated for purposes of the act that remain unexpended and unencumbered, revert to the General Fund.

This bill would indefinitely extend the act and the operation of the office by deleting the June 30, 2016 repeal date.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11801 of the Health and Safety Code is
2 amended to read:

3 11801. The alcohol and drug program administrator, acting
4 through administrative channels designated pursuant to Section
5 11795, shall do all of the following:

6 (a) Coordinate and be responsible for the preparation of the
7 county contract.

8 (b) Ensure compliance with applicable laws relating to
9 discrimination against any person because of any characteristic
10 listed or defined in Section 11135 of the Government Code.

11 (c) Submit an annual report to the board of supervisors reporting
12 all activities of the alcohol and other drug program, including a
13 financial accounting of expenditures, number of persons served,
14 and a forecast of anticipated needs for the upcoming year.

15 (d) Be directly responsible for the administration of all alcohol
16 or other drug program funds allocated to the county under this
17 part, administration of county operated programs, and coordination
18 and monitoring of programs that have contracts with the county
19 to provide alcohol and other drug services.

20 (e) Ensure the evaluation of alcohol and other drug programs,
21 including the collection of appropriate and necessary client data
22 and program information, pursuant to Chapter 6 (commencing
23 with Section 11825).

24 (f) Ensure program quality in compliance with appropriate
25 standards pursuant to Chapter 7 (commencing with Section 11830).

26 (g) Participate and represent the county in meetings of the
27 ~~County Alcohol and Drug Program Administrators²~~ *County*
28 *Behavioral Health Directors* Association of California pursuant
29 to Section 11811.5 for the purposes of representing the counties
30 in their relationship with the state with respect to policies,

1 standards, and administration for alcohol and other drug abuse
2 services.

3 (h) Perform any other acts that may be necessary, desirable, or
4 proper to carry out the purposes of this part.

5 SEC. 2. Section 11830.1 of the Health and Safety Code is
6 amended to read:

7 11830.1. In order to ensure quality assurance of alcohol and
8 other drug programs and expand the availability of funding
9 resources, the department shall implement a program certification
10 procedure for alcohol and other drug treatment recovery services.
11 The department, after consultation with the ~~County Alcohol and~~
12 ~~Drug Program Administrators~~ *County Behavioral Health Directors*
13 Association of California, and other interested organizations and
14 individuals, shall develop standards and regulations for the alcohol
15 and other drug treatment recovery services describing the minimal
16 level of service quality required of the service providers to qualify
17 for and obtain state certification. The standards shall be excluded
18 from the rulemaking requirements of the Administrative Procedure
19 Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of
20 Division 3 of Title 2 of the Government Code). Compliance with
21 these standards shall be voluntary on the part of programs. For the
22 purposes of Section 2626.2 of the Unemployment Insurance Code,
23 certification shall be equivalent to program review.

24 SEC. 3. Section 11835 of the Health and Safety Code is
25 amended to read:

26 11835. (a) The purposes of any regulations adopted by the
27 department shall be to implement, interpret, or make specific the
28 provisions of this part and shall not exceed the authority granted
29 to the department pursuant to this part. To the extent possible, the
30 regulations shall be written in clear and concise language and
31 adopted only when necessary to further the purposes of this part.

32 (b) Except as provided in this section and Sections 11772,
33 11798, 11798.2, 11814, 11817.8, 11852.5, the department may
34 adopt regulations in accordance with the rulemaking provisions
35 of the Administrative Procedure Act (Chapter 3.5 (commencing
36 with Section 11340) of Part 1 of Division 3 of the Title 2 of the
37 Government Code) necessary for the proper execution of the
38 powers and duties granted to and imposed upon the department
39 by this part. However, these regulations may be adopted only upon
40 the following conditions:

(1) Prior to adoption of regulations, the department shall consult with ~~county alcohol and drug program administrators~~ *the County Behavioral Health Directors Association of California* and may consult with any other appropriate persons relating to the proposed regulations.

(2) If an absolute majority of the designated ~~county alcohol and drug program administrators~~ *behavioral health directors* who represent counties that have submitted county contracts, vote at a public meeting called by the department, for which 45 days' advance notice shall be given by the department, to reject the proposed regulations, the department shall refer the matter for a decision to a committee, consisting of a representative of the ~~county alcohol and drug program administrators;~~ *behavioral health directors*, the director, the secretary, and one designee of the secretary. The decision shall be made by a majority vote of this committee at a public meeting convened by the department. Upon a majority vote of the committee recommending adoption of the proposed regulations, the department may then adopt them. Upon a majority vote recommending that the department not adopt the proposed regulations, the department shall then consult again with ~~the county alcohol and drug program administrators~~ *County Behavioral Health Directors Association of California* and resubmit the proposed regulations to the ~~administrators;~~ *county behavioral health directors* for a vote pursuant to this subdivision.

(3) In the voting process described in paragraph (2), no proxies shall be allowed nor may anyone other than the designated ~~county alcohol and drug program administrator;~~ *behavioral health director;* director, secretary, and secretary's designee vote at the meetings.

SEC. 4. Section 103577 of the Health and Safety Code is amended to read:

103577. (a) On or after July 1, 2015, each local registrar or county recorder shall, without ~~a~~ *an issuance fee or any other associated fee*, issue a certified record of live birth to any person who can verify his or her status as a homeless person or a homeless child or youth. A homeless services provider that has knowledge of a person's housing status shall verify a person's status for the purposes of this subdivision. In accordance with all other application requirements as set forth in Section 103526, a request for a certified record of live birth made pursuant to this subdivision shall be made by a homeless person or a homeless child or youth

1 on behalf of themselves, or by any person lawfully entitled to
2 request a certified record of live birth on behalf of a child, if the
3 child has been verified as a homeless person or a homeless child
4 or youth pursuant to this section. A person applying for a certified
5 record of live birth under this subdivision is entitled to one birth
6 record, per application, for each eligible person verified as a
7 homeless person or a homeless child or youth. For purposes of this
8 subdivision, an affidavit developed pursuant to subdivision (b)
9 shall constitute sufficient verification that a person is a homeless
10 person or a homeless child or youth. A person applying for a
11 certified record of live birth under this subdivision shall not be
12 charged a fee for verification of his or her eligibility.

13 (b) The State Department of Public Health shall develop an
14 affidavit attesting to an applicant's status as a homeless person or
15 homeless child or youth. For purposes of this section, the affidavit
16 shall not be deemed complete unless it is signed by both the person
17 making a request for a certified record of live birth pursuant to
18 subdivision (a) and a homeless services provider that has
19 knowledge of the applicant's housing status.

20 (c) Notwithstanding the rulemaking provisions of the
21 Administrative Procedure Act (Chapter 3.5 (commencing with
22 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
23 Code), the department may implement and administer this section
24 through an all-county letter or similar instructions from the director
25 or State Registrar without taking regulatory action.

26 (d) For the purposes of this section, the following definitions
27 apply:

28 (1) A "homeless child or youth" has the same meaning as the
29 definition of "homeless children and youths" as set forth in the
30 federal McKinney-Vento Homeless Assistance Act (42 U.S.C.
31 Sec. 11301 et seq.).

32 (2) A "homeless person" has the same meaning as the definition
33 of that term set forth in the federal McKinney-Vento Homeless
34 Assistance Act (42 U.S.C. Sec. 11301 et seq.).

35 (3) A "homeless services provider" includes:

36 (A) A governmental or nonprofit agency receiving federal, state,
37 or county or municipal funding to provide services to a "homeless
38 person" or "homeless child or youth," or that is otherwise
39 sanctioned to provide those services by a local homeless continuum
40 of care organization.

1 (B) An attorney licensed to practice law in this state.

2 (C) A local educational agency liaison for homeless children
3 and ~~youth designated as such~~ youth, pursuant to Section
4 11432(g)(1)(J)(ii) of Title 42 of the United States Code, or a school
5 social worker.

6 (D) A human services provider or public social services provider
7 funded by the State of California to provide homeless children or
8 youth services, health services, mental or behavioral health
9 services, substance use disorder services, or public assistance or
10 employment services.

11 (E) A law enforcement officer designated as a liaison to the
12 homeless population by a local police department or sheriff's
13 department within the state.

14 SEC. 5. Section 104151 of the Health and Safety Code is
15 amended to read:

16 104151. (a) Notwithstanding Section 10231.5 of the
17 Government Code, each year, by no later than January 10 and
18 concurrently with the release of the May Revision, the State
19 Department of Health Care Services shall provide the fiscal
20 committees of the Legislature with an estimate package for the
21 Every Woman Counts Program. This estimate package shall
22 include all significant assumptions underlying the estimate for the
23 Every Woman Counts Program's current-year and budget-year
24 proposals, and shall contain concise information identifying
25 applicable estimate components, such as caseload; a breakout of
26 costs, including, but not limited to, clinical service activities,
27 including office visits and consults, screening mammograms,
28 diagnostic mammograms, diagnostic breast procedures, case
29 management, and other clinical services; policy changes; contractor
30 information; General Fund, special fund, and federal fund
31 information; and other assumptions necessary to support the
32 estimate.

33 (b) *Notwithstanding Section 10231.5 of the Government Code,*
34 *each year, the State Department of Health Care Services shall*
35 *provide the fiscal and appropriate policy committees of the*
36 *Legislature with quarterly updates on caseload, estimated*
37 *expenditures, and related program monitoring data for the Every*
38 *Woman Counts Program. These updates shall be provided no later*
39 *than November 30, February 28, May 31, and August 31 of each*
40 *year. The purpose of the updates is to provide the Legislature with*

1 *the most recent information on the program, and shall include a*
2 *breakdown of expenditures for each quarter for clinical service*
3 *activities, including, but not limited to, office visits and consults,*
4 *screening mammograms, diagnostic mammograms, diagnostic*
5 *breast procedures, case management, and other clinical services.*
6 *This subdivision supersedes the requirements of Section 169 of*
7 *Chapter 717 of the Statutes of 2010 (S.B. 853).*

8 SEC. 6. Section 128456 of the Health and Safety Code is
9 amended to read:

10 128456. In developing the program established pursuant to this
11 article, the Health Professions Education Foundation shall solicit
12 the advice of representatives of the Board of Behavioral Sciences,
13 the Board of Psychology, the State Department of Health Care
14 Services, the ~~California Mental~~ *County Behavioral* Health Directors
15 Association of California, the California Mental Health Planning
16 Council, professional mental health care organizations, the
17 California Healthcare Association, the Chancellor of the California
18 Community Colleges, and the Chancellor of the California State
19 University. The foundation shall solicit the advice of
20 representatives who reflect the demographic, cultural, and linguistic
21 diversity of the state.

22 SEC. 7. Section 130316 of the Health and Safety Code is
23 repealed.

24 ~~130316. Any funds appropriated for the purpose of this division~~
25 ~~that remain unexpended or unencumbered on June 30, 2016, shall~~
26 ~~revert to the General Fund on that date unless a statute that is~~
27 ~~enacted before June 30, 2016, extends the provisions of this~~
28 ~~division.~~

29 SEC. 8. Section 130317 of the Health and Safety Code is
30 repealed.

31 ~~130317. This division shall become inoperative on June 30,~~
32 ~~2016, and as of that date is repealed, unless a later enacted statute,~~
33 ~~that is enacted before June 30, 2016, deletes or extends the dates~~
34 ~~on which it becomes inoperative and is repealed.~~

35 SEC. 9. Section 4033 of the Welfare and Institutions Code is
36 amended to read:

37 4033. (a) The State Department of Health Care Services shall,
38 to the extent resources are available, comply with the Substance
39 Abuse and Mental Health Services Administration federal planning
40 requirements. The department shall update and issue a state plan,

1 which may also be any federally required state service plan, so
2 that citizens may be informed regarding the implementation of,
3 and long-range goals for, programs to serve mentally ill persons
4 in the state. The department shall gather information from counties
5 necessary to comply with this section.

6 (b) (1) If the State Department of Health Care Services makes
7 a decision not to comply with any Substance Abuse and Mental
8 Health Services Administration federal planning requirement to
9 which this section applies, the State Department of Health Care
10 Services shall submit the decision, for consultation, to the
11 ~~California Mental~~ *County Behavioral* Health Directors Association
12 *of California*, the California Mental Health Planning Council, and
13 affected mental health entities.

14 (2) The State Department of Health Care Services shall not
15 implement any decision not to comply with the Substance Abuse
16 and Mental Health Services Administration federal planning
17 requirements sooner than 30 days after notification of that decision,
18 in writing, by the Department of Finance, to the chairperson of the
19 committee in each house of the Legislature ~~which~~ *that* considers
20 appropriations, and the Chairperson of the Joint Legislative Budget
21 Committee.

22 SEC. 10. Section 4040 of the Welfare and Institutions Code is
23 amended to read:

24 4040. The State Department of Health Care Services or State
25 Department of State Hospitals may conduct, or contract for,
26 research or evaluation studies that have application to mental health
27 policy and management issues. In selecting areas for study the
28 department shall be guided by the information needs of state and
29 local policymakers and managers, and suggestions from the
30 ~~California Mental~~ *County Behavioral* Health Directors Association
31 of California.

32 SEC. 11. Section 4095 of the Welfare and Institutions Code is
33 amended to read:

34 4095. (a) It is the intent of the Legislature that essential and
35 culturally relevant mental health assessment, case management,
36 and treatment services be available to wards of the court and
37 dependent children of the court placed out of home or who are at
38 risk of requiring out-of-home care. This can be best achieved at
39 the community level through the active collaboration of county

1 social service, probation, education, mental health agencies, and
2 foster care providers.

3 (b) Therefore, using the Children's Mental Health Services Act
4 (Part 4 (commencing with Section 5850) of Division 5) as a
5 guideline, the State Department of Health Care Services, in
6 consultation with the ~~California Mental~~ *County Behavioral Health*
7 *Directors Association of California*, the State Department of Social
8 Services, the County Welfare Directors Association, the Chief
9 Probation Officers of California, ~~county alcohol and drug program~~
10 ~~administrators~~, and foster care providers, shall do all of the
11 following:

12 (1) By July 1, 1994, develop an individualized mental health
13 treatment needs assessment protocol for wards of the court and
14 dependent children of the court.

15 (2) Define supplemental services to be made available to the
16 target population, including, but not limited to, services defined
17 in Section 540 and following of Title 9 of the California Code of
18 Regulations as of January 1, 1994, family therapy, prevocational
19 services, and crisis support activities.

20 (3) Establish statewide standardized rates for the various types
21 of services defined by the department in accordance with paragraph
22 (2), and provided pursuant to this section. The rates shall be
23 designed to reduce the impact of competition for scarce treatment
24 resources on the cost and availability of care. The rates shall be
25 implemented only when the state provides funding for the services
26 described in this section.

27 (4) By January 1, 1994, to the extent state funds are available
28 to implement this section, establish, by regulation, all of the
29 following:

30 (A) Definitions of priority ranking of subsets of the court wards
31 and dependents target population.

32 (B) A procedure to certify the mental health programs.

33 (c) (1) Only those individuals within the target population as
34 defined in regulation and determined to be eligible for services as
35 a result of a mental health treatment needs assessment may receive
36 services pursuant to this section.

37 (2) Allocation of funds appropriated for the purposes of this
38 section shall be based on the number of wards and dependents and
39 may be adjusted in subsequent fiscal years to reflect costs.

1 (3) The counties shall be held harmless for failure to provide
2 any assessment, case management, and treatment services to those
3 children identified in need of services for whom there is no funding.

4 (d) (1) The State Department of Health Care Services shall
5 make information available to the Legislature, on request, on the
6 service populations provided mental health treatment services
7 pursuant to this section, the types and costs of services provided,
8 and the number of children identified in need of treatment services
9 who did not receive the services.

10 (2) The information required by paragraph (1) may include
11 information on need, cost, and service impact experience from the
12 following:

13 (A) Family preservation pilot programs.

14 (B) Pilot programs implemented under the former Children's
15 Mental Health Services Act, as contained in Chapter 6.8
16 (commencing with Section 5565.10) of Part 1 of Division 5.

17 (C) Programs implemented under Chapter 26 (commencing
18 with Section 7570) of Division 7 of Title 1 of the Government
19 Code and Section 11401.

20 (D) County experience in the implementation of Section 4096.

21 SEC. 12. Section 4096.5 of the Welfare and Institutions Code
22 is amended to read:

23 4096.5. (a) The State Department of Health Care Services
24 shall make a determination, within 45 days of receiving a request
25 from a group home to be classified at RCL 13 or RCL 14 pursuant
26 to Section 11462.01, to certify or deny certification that the group
27 home program includes provisions for mental health treatment
28 services that meet the needs of seriously emotionally disturbed
29 children. The department shall issue each certification for a period
30 of one year and shall specify the effective date the program met
31 the certification requirements. A program may be recertified if the
32 program continues to meet the criteria for certification.

33 (b) The State Department of Health Care Services shall, in
34 consultation with ~~the California Mental~~ *County Behavioral* Health
35 Directors Association *of California* and representatives of provider
36 organizations, develop the criteria for the certification required by
37 subdivision (a) by July 1, 1992.

38 (c) (1) The State Department of Health Care Services may,
39 upon the request of a county, delegate to that county the
40 certification task.

(2) Any county to which the certification task is delegated pursuant to paragraph (1) shall use the criteria and format developed by the department.

(d) The State Department of Health Care Services or delegated county shall notify the State Department of Social Services Community Care Licensing Division immediately upon the termination of any certification issued in accordance with subdivision (a).

(e) Upon receipt of notification from the State Department of Social Services Community Care Licensing Division of any adverse licensing action taken after the finding of noncompliance during an inspection conducted pursuant to Section 1538.7 of the Health and Safety Code, the State Department of Health Care Services or the delegated county shall review the certification issued pursuant to this section.

SEC. 13. Section 5326.95 of the Welfare and Institutions Code is amended to read:

5326.95. The Director of State Hospitals shall adopt regulations to carry out the provisions of this chapter, including standards defining excessive use of convulsive treatment which shall be developed in consultation with the State Department of Health Care Services and the ~~California Mental County Behavioral Health Directors Association of California~~.

SEC. 14. Section 5400 of the Welfare and Institutions Code is amended to read:

5400. (a) The Director of Health Care Services shall administer this part and shall adopt rules, regulations, and standards as necessary. In developing rules, regulations, and standards, the Director of Health Care Services shall consult with the ~~California Mental County Behavioral Health Directors Association~~, ~~Association of California~~, the California Mental Health Planning Council, and the office of the Attorney General. Adoption of these standards, rules, and regulations shall require approval by the ~~California Mental County Behavioral Health Directors Association of California~~ by majority vote of those present at an official session.

(b) Wherever feasible and appropriate, rules, regulations, and standards adopted under this part shall correspond to comparable rules, regulations, and standards adopted under the Bronzan-McCorquodale Act. These corresponding rules,

1 regulations, and standards shall include qualifications for
2 professional personnel.

3 (c) Regulations adopted pursuant to this part may provide
4 standards for services for persons with chronic alcoholism that
5 differ from the standards for services for persons with mental health
6 disorders.

7 SEC. 15. Section 5585.22 of the Welfare and Institutions Code
8 is amended to read:

9 5585.22. The Director of Health Care Services, in consultation
10 with the ~~California Mental~~ *County Behavioral* Health Directors
11 Association *of California*, may develop the appropriate educational
12 materials and a training curriculum, and may provide training as
13 necessary to ensure that those persons providing services pursuant
14 to this part fully understand its purpose.

15 SEC. 16. Section 5601 of the Welfare and Institutions Code is
16 amended to read:

17 5601. As used in this part:

18 (a) “Governing body” means the county board of supervisors
19 or boards of supervisors in the case of counties acting jointly; and
20 in the case of a city, the city council or city councils acting jointly.

21 (b) “Conference” means the ~~California Mental~~ *County*
22 *Behavioral* Health Directors Association *of California* as
23 established under former Section 5757.

24 (c) Unless the context requires otherwise, “to the extent
25 resources are available” means to the extent that funds deposited
26 in the mental health account of the local health and welfare fund
27 are available to an entity qualified to use those funds.

28 (d) “Part 1” refers to the Lanterman-Petris-Short Act (Part 1
29 (commencing with Section 5000)).

30 (e) “Director of Health Care Services” or “director” means the
31 Director of the State Department of Health Care Services.

32 (f) “Institution” includes a general acute care hospital, a state
33 hospital, a psychiatric hospital, a psychiatric health facility, a
34 skilled nursing facility, including an institution for mental disease
35 as described in Chapter 1 (commencing with Section 5900) of Part
36 5, an intermediate care facility, a community care facility or other
37 residential treatment facility, or a juvenile or criminal justice
38 institution.

39 (g) “Mental health service” means any service directed toward
40 early intervention in, or alleviation or prevention of, mental

1 disorder, including, but not limited to, diagnosis, evaluation,
2 treatment, personal care, day care, respite care, special living
3 arrangements, community skill training, sheltered employment,
4 socialization, case management, transportation, information,
5 referral, consultation, and community services.

6 SEC. 17. Section 5611 of the Welfare and Institutions Code is
7 amended to read:

8 5611. (a) The Director of Mental Health shall establish a
9 Performance Outcome Committee, to be comprised of
10 representatives from the PL 99-660 Planning Council and the
11 ~~California Conference of Local Mental Health Directors~~. *County*
12 *Behavioral Health Directors Association of California*. Any costs
13 associated with the performance of the duties of the committee
14 shall be absorbed within the resources of the participants.

15 (b) Major mental health professional organizations representing
16 licensed clinicians may participate as members of the committee
17 at their own expense.

18 (c) The committee may seek private funding for costs associated
19 with the performance of its duties.

20 SEC. 18. Section 5664 of the Welfare and Institutions Code is
21 amended to read:

22 5664. In consultation with the ~~California Mental~~ *County*
23 *Behavioral Health Directors Association of California*, the State
24 Department of Health Care Services, the Mental Health Services
25 Oversight and Accountability Commission, the California Mental
26 Health Planning Council, and the California Health and Human
27 Services Agency, county mental health systems shall provide
28 reports and data to meet the information needs of the state, as
29 necessary.

30 SEC. 19. Section 5701.1 of the Welfare and Institutions Code
31 is amended to read:

32 5701.1. Notwithstanding Section 5701, the State Department
33 of Health Care Services, in consultation with the ~~California Mental~~
34 *County Behavioral Health Directors Association of California* and
35 the California Mental Health Planning Council, may utilize funding
36 from the Substance Abuse and Mental Health Services
37 Administration Block Grant, awarded to the State Department of
38 Health Care Services, above the funding level provided in federal
39 fiscal year 1998, for the development of innovative programs for
40 identified target populations, upon appropriation by the Legislature.

1 SEC. 20. Section 5701.2 of the Welfare and Institutions Code
2 is amended to read:

3 5701.2. (a) The State Department of Mental Health, or its
4 successor, the State Department of State Hospitals, shall maintain
5 records of any transfer of funds or state hospital beds made
6 pursuant to Chapter 1341 of the Statutes of 1991.

7 (b) Commencing with the 1991–92 fiscal year, the State
8 Department of Mental Health, or its successor, the State
9 Department of State Hospitals, shall maintain records that set forth
10 that portion of each county’s allocation of state mental health
11 moneys that represent the dollar equivalent attributed to each
12 county’s state hospital beds or bed days, or both, that were
13 allocated as of May 1, 1991. The State Department of Mental
14 Health, or its successor, the State Department of State Hospitals,
15 shall provide a written summary of these records to the appropriate
16 committees of the Legislature and the ~~California Mental County~~
17 *Behavioral Health Directors Association of California* within 30
18 days after the enactment of the annual Budget Act.

19 (c) Nothing in this section is intended to change the counties’
20 base allocations as provided in subdivisions (a) and (b) of Section
21 17601.

22 SEC. 21. Section 5717 of the Welfare and Institutions Code is
23 amended to read:

24 5717. (a) Expenditures that may be funded from amounts
25 allocated to the county by the State Department of Health Care
26 Services from funds appropriated to the department shall include,
27 salaries of personnel, approved facilities and services provided
28 through contract, and operation, maintenance, and service costs,
29 including insurance costs or departmental charges for participation
30 in a county self-insurance program if the charges are not in excess
31 of comparable available commercial insurance premiums and on
32 the condition that any surplus reserves be used to reduce future
33 year contributions; depreciation of county facilities as established
34 in the state’s uniform accounting manual, disregarding depreciation
35 on the facility to the extent it was financed by state funds under
36 this part; lease of facilities where there is no intention to, nor option
37 to, purchase; expenses incurred under this act by members of the
38 ~~California Mental County Behavioral Health Directors Association~~
39 *of California* for attendance at regular meetings of these
40 conferences; expenses incurred by either the chairperson or elected

1 representative of the local mental health advisory boards for
2 attendance at regular meetings of the Organization of Mental Health
3 Advisory Boards; expenditures included in approved countywide
4 cost allocation plans submitted in accordance with the Controller's
5 guidelines, including, but not limited to, adjustments of prior year
6 estimated general county overhead to actual costs, but excluding
7 allowable costs otherwise compensated by state funding; net costs
8 of conservatorship investigation, approved by the Director of
9 Health Care Services. Except for expenditures made pursuant to
10 Article 6 (commencing with Section 129225) of Chapter 1 of Part
11 6 of Division 107 of the Health and Safety Code, it shall not include
12 expenditures for initial capital improvements; the purchaser or
13 construction of buildings except for equipment items and
14 remodeling expense as may be provided for in regulations of the
15 State Department of Health Care Services; compensation to
16 members of a local mental health advisory board, except actual
17 and necessary expenses incurred in the performance of official
18 duties that may include travel, lodging, and meals while on official
19 business; or expenditures for a purpose for which state
20 reimbursement is claimed under any other provision of law.

21 (b) The Director of Health Care Services may make
22 investigations and audits of expenditures the director may deem
23 necessary.

24 (c) With respect to funds allocated to a county by the State
25 Department of Health Care Services from funds appropriated to
26 the department, the county shall repay to the state amounts found
27 not to have been expended in accordance with the requirements
28 set forth in this part. Repayment shall be within 30 days after it is
29 determined that an expenditure has been made that is not in
30 accordance with the requirements. In the event that repayment is
31 not made in a timely manner, the department shall offset any
32 amount improperly expended against the amount of any current
33 or future advance payment or cost report settlement from the state
34 for mental health services. Repayment provisions shall not apply
35 to Short-Doyle funds allocated by the department for fiscal years
36 up to and including the 1990–91 fiscal year.

37 SEC. 22. Section 5750 of the Welfare and Institutions Code is
38 amended to read:

39 5750. The State Department of Health Care Services shall
40 administer this part and shall adopt standards for the approval of

1 mental health services, and rules and regulations necessary thereto.
2 However, these standards, rules, and regulations shall be adopted
3 only after consultation with the ~~California Mental County~~
4 *Behavioral* Health Directors Association of *California* and the
5 California Mental Health Planning Council.

6 SEC. 23. Section 5845 of the Welfare and Institutions Code is
7 amended to read:

8 5845. (a) The Mental Health Services Oversight and
9 Accountability Commission is hereby established to oversee Part
10 3 (commencing with Section 5800), the Adult and Older Adult
11 Mental Health System of Care Act; Part 3.1 (commencing with
12 Section 5820), Human Resources, Education, and Training
13 Programs; Part 3.2 (commencing with Section 5830), Innovative
14 Programs; Part 3.6 (commencing with Section 5840), Prevention
15 and Early Intervention Programs; and Part 4 (commencing with
16 Section 5850), the Children's Mental Health Services Act. The
17 commission shall replace the advisory committee established
18 pursuant to Section 5814. The commission shall consist of 16
19 voting members as follows:

20 (1) The Attorney General or his or her designee.

21 (2) The Superintendent of Public Instruction or his or her
22 designee.

23 (3) The Chairperson of the Senate Health and Human Services
24 Committee or another member of the Senate selected by the
25 President pro Tempore of the Senate.

26 (4) The Chairperson of the Assembly Health Committee or
27 another member of the Assembly selected by the Speaker of the
28 Assembly.

29 (5) Two persons with a severe mental illness, a family member
30 of an adult or senior with a severe mental illness, a family member
31 of a child who has or has had a severe mental illness, a physician
32 specializing in alcohol and drug treatment, a mental health
33 professional, a county sheriff, a superintendent of a school district,
34 a representative of a labor organization, a representative of an
35 employer with less than 500 employees and a representative of an
36 employer with more than 500 employees, and a representative of
37 a health care services plan or insurer, all appointed by the
38 Governor. In making appointments, the Governor shall seek
39 individuals who have had personal or family experience with
40 mental illness.

1 (b) Members shall serve without compensation, but shall be
2 reimbursed for all actual and necessary expenses incurred in the
3 performance of their duties.

4 (c) The term of each member shall be three years, to be
5 staggered so that approximately one-third of the appointments
6 expire in each year.

7 (d) In carrying out its duties and responsibilities, the commission
8 may do all of the following:

9 (1) Meet at least once each quarter at any time and location
10 convenient to the public as it may deem appropriate. All meetings
11 of the commission shall be open to the public.

12 (2) Within the limit of funds allocated for these purposes,
13 pursuant to the laws and regulations governing state civil service,
14 employ staff, including any clerical, legal, and technical assistance
15 as may appear necessary. The commission shall administer its
16 operations separate and apart from the State Department of Health
17 Care Services and the California Health and Human Services
18 Agency.

19 (3) Establish technical advisory committees, such as a committee
20 of consumers and family members.

21 (4) Employ all other appropriate strategies necessary or
22 convenient to enable it to fully and adequately perform its duties
23 and exercise the powers expressly granted, notwithstanding any
24 authority expressly granted to any officer or employee of state
25 government.

26 (5) Enter into contracts.

27 (6) Obtain data and information from the State Department of
28 Health Care Services, the Office of Statewide Health Planning and
29 Development, or other state or local entities that receive Mental
30 Health Services Act funds, for the commission to utilize in its
31 oversight, review, training and technical assistance, accountability,
32 and evaluation capacity regarding projects and programs supported
33 with Mental Health Services Act funds.

34 (7) Participate in the joint state-county decisionmaking process,
35 as contained in Section 4061, for training, technical assistance,
36 and regulatory resources to meet the mission and goals of the
37 state's mental health system.

38 (8) Develop strategies to overcome stigma and discrimination,
39 and accomplish all other objectives of Part 3.2 (commencing with

1 Section 5830), 3.6 (commencing with Section 5840), and the other
2 provisions of the act establishing this commission.

3 (9) At any time, advise the Governor or the Legislature regarding
4 actions the state may take to improve care and services for people
5 with mental illness.

6 (10) If the commission identifies a critical issue related to the
7 performance of a county mental health program, it may refer the
8 issue to the State Department of Health Care Services pursuant to
9 Section 5655.

10 (11) Assist in providing technical assistance to accomplish the
11 purposes of the Mental Health Services Act, Part 3 (commencing
12 with Section 5800), and Part 4 (commencing with Section 5850)
13 in collaboration with the State Department of Health Care Services
14 and in consultation with the ~~California Mental County Behavioral~~
15 ~~Health Directors Association~~ *Association of California*.

16 (12) Work in collaboration with the State Department of Health
17 Care Services and the California Mental Health Planning Council,
18 and in consultation with the ~~California Mental County Behavioral~~
19 ~~Health Directors Association of California~~, in designing a
20 comprehensive joint plan for a coordinated evaluation of client
21 outcomes in the community-based mental health system, including,
22 but not limited to, parts listed in subdivision (a). The California
23 Health and Human Services Agency shall lead this comprehensive
24 joint plan effort.

25 SEC. 24. Section 5847 of the Welfare and Institutions Code is
26 amended to read:

27 5847. Integrated Plans for Prevention, Innovation, and System
28 of Care Services.

29 (a) Each county mental health program shall prepare and submit
30 a three-year program and expenditure plan, and annual updates,
31 adopted by the county board of supervisors, to the Mental Health
32 Services Oversight and Accountability Commission within 30 days
33 after adoption.

34 (b) The three-year program and expenditure plan shall be based
35 on available unspent funds and estimated revenue allocations
36 provided by the state and in accordance with established
37 stakeholder engagement and planning requirements as required in
38 Section 5848. The three-year program and expenditure plan and
39 annual updates shall include all of the following:

1 (1) A program for prevention and early intervention in
2 accordance with Part 3.6 (commencing with Section 5840).

3 (2) A program for services to children in accordance with Part
4 4 (commencing with Section 5850), to include a program pursuant
5 to Chapter 4 (commencing with Section 18250) of Part 6 of
6 Division 9 or provide substantial evidence that it is not feasible to
7 establish a wraparound program in that county.

8 (3) A program for services to adults and seniors in accordance
9 with Part 3 (commencing with Section 5800).

10 (4) A program for innovations in accordance with Part 3.2
11 (commencing with Section 5830).

12 (5) A program for technological needs and capital facilities
13 needed to provide services pursuant to Part 3 (commencing with
14 Section 5800), Part 3.6 (commencing with Section 5840), and Part
15 4 (commencing with Section 5850). All plans for proposed facilities
16 with restrictive settings shall demonstrate that the needs of the
17 people to be served cannot be met in a less restrictive or more
18 integrated setting.

19 (6) Identification of shortages in personnel to provide services
20 pursuant to the above programs and the additional assistance
21 needed from the education and training programs established
22 pursuant to Part 3.1 (commencing with Section 5820).

23 (7) Establishment and maintenance of a prudent reserve to
24 ensure the county program will continue to be able to serve
25 children, adults, and seniors that it is currently serving pursuant
26 to Part 3 (commencing with Section 5800), the Adult and Older
27 Adult Mental Health System of Care Act, Part 3.6 (commencing
28 with Section 5840), Prevention and Early Intervention Programs,
29 and Part 4 (commencing with Section 5850), the Children's Mental
30 Health Services Act, during years in which revenues for the Mental
31 Health Services Fund are below recent averages adjusted by
32 changes in the state population and the California Consumer Price
33 Index.

34 (8) Certification by the county mental health director, which
35 ensures that the county has complied with all pertinent regulations,
36 laws, and statutes of the Mental Health Services Act, including
37 stakeholder participation and nonsupplantation requirements.

38 (9) Certification by the county mental health director and by
39 the county auditor-controller that the county has complied with
40 any fiscal accountability requirements as directed by the State

1 Department of Health Care Services, and that all expenditures are
2 consistent with the requirements of the Mental Health Services
3 Act.

4 (c) The programs established pursuant to paragraphs (2) and
5 (3) of subdivision (b) shall include services to address the needs
6 of transition age youth ages 16 to 25. In implementing this
7 subdivision, county mental health programs shall consider the
8 needs of transition age foster youth.

9 (d) Each year, the State Department of Health Care Services
10 shall inform the ~~California Mental~~ *County Behavioral* Health
11 Directors Association *of California* and the Mental Health Services
12 Oversight and Accountability Commission of the methodology
13 used for revenue allocation to the counties.

14 (e) Each county mental health program shall prepare expenditure
15 plans pursuant to Part 3 (commencing with Section 5800) for adults
16 and seniors, Part 3.2 (commencing with Section 5830) for
17 innovative programs, Part 3.6 (commencing with Section 5840)
18 for prevention and early intervention programs, and Part 4
19 (commencing with Section 5850) for services for children, and
20 updates to the plans developed pursuant to this section. Each
21 expenditure update shall indicate the number of children, adults,
22 and seniors to be served pursuant to Part 3 (commencing with
23 Section 5800), and Part 4 (commencing with Section 5850), and
24 the cost per person. The expenditure update shall include utilization
25 of unspent funds allocated in the previous year and the proposed
26 expenditure for the same purpose.

27 (f) A county mental health program shall include an allocation
28 of funds from a reserve established pursuant to paragraph (7) of
29 subdivision (b) for services pursuant to paragraphs (2) and (3) of
30 subdivision (b) in years in which the allocation of funds for services
31 pursuant to subdivision (e) are not adequate to continue to serve
32 the same number of individuals as the county had been serving in
33 the previous fiscal year.

34 SEC. 25. Section 5848 of the Welfare and Institutions Code is
35 amended to read:

36 5848. (a) Each three-year program and expenditure plan and
37 update shall be developed with local stakeholders, including adults
38 and seniors with severe mental illness, families of children, adults,
39 and seniors with severe mental illness, providers of services, law
40 enforcement agencies, education, social services agencies, veterans,

1 representatives from veterans organizations, providers of alcohol
2 and drug services, health care organizations, and other important
3 interests. Counties shall demonstrate a partnership with constituents
4 and stakeholders throughout the process that includes meaningful
5 stakeholder involvement on mental health policy, program
6 planning, and implementation, monitoring, quality improvement,
7 evaluation, and budget allocations. A draft plan and update shall
8 be prepared and circulated for review and comment for at least 30
9 days to representatives of stakeholder interests and any interested
10 party who has requested a copy of the draft plans.

11 (b) The mental health board established pursuant to Section
12 5604 shall conduct a public hearing on the draft three-year program
13 and expenditure plan and annual updates at the close of the 30-day
14 comment period required by subdivision (a). Each adopted
15 three-year program and expenditure plan and update shall include
16 any substantive written recommendations for revisions. The
17 adopted three-year program and expenditure plan or update shall
18 summarize and analyze the recommended revisions. The mental
19 health board shall review the adopted plan or update and make
20 recommendations to the county mental health department for
21 revisions.

22 (c) The plans shall include reports on the achievement of
23 performance outcomes for services pursuant to Part 3 (commencing
24 with Section 5800), Part 3.6 (commencing with Section 5840),
25 and Part 4 (commencing with Section 5850) funded by the Mental
26 Health Services Fund and established jointly by the State
27 Department of Health Care Services and the Mental Health Services
28 Oversight and Accountability Commission, in collaboration with
29 the ~~California Mental~~ *County Behavioral Health Directors*
30 ~~Association~~ *Association of California*.

31 (d) Mental health services provided pursuant to Part 3
32 (commencing with Section 5800), and Part 4 (commencing with
33 Section 5850), shall be included in the review of program
34 performance by the California Mental Health Planning Council
35 required by paragraph (2) of subdivision (c) of Section 5772 and
36 in the local mental health board's review and comment on the
37 performance outcome data required by paragraph (7) of subdivision
38 (a) of Section 5604.2.

39 SEC. 26. Section 5848.5 of the Welfare and Institutions Code
40 is amended to read:

1 5848.5. (a) The Legislature finds and declares all of the
2 following:

3 (1) California has realigned public community mental health
4 services to counties and it is imperative that sufficient
5 community-based resources be available to meet the mental health
6 needs of eligible individuals.

7 (2) Increasing access to effective outpatient and crisis
8 stabilization services provides an opportunity to reduce costs
9 associated with expensive inpatient and emergency room care and
10 to better meet the needs of individuals with mental health disorders
11 in the least restrictive manner possible.

12 (3) Almost one-fifth of people with mental health disorders visit
13 a hospital emergency room at least once per year. If an adequate
14 array of crisis services is not available, it leaves an individual with
15 little choice but to access an emergency room for assistance and,
16 potentially, an unnecessary inpatient hospitalization.

17 (4) Recent reports have called attention to a continuing problem
18 of inappropriate and unnecessary utilization of hospital emergency
19 rooms in California due to limited community-based services for
20 individuals in psychological distress and acute psychiatric crisis.
21 Hospitals report that 70 percent of people taken to emergency
22 rooms for psychiatric evacuation can be stabilized and transferred
23 to a less intensive level of crisis care. Law enforcement personnel
24 report that their personnel need to stay with people in the
25 emergency room waiting area until a placement is found, and that
26 less intensive levels of care tend not to be available.

27 (5) Comprehensive public and private partnerships at both local
28 and regional levels, including across physical health services,
29 mental health, substance use disorder, law enforcement, social
30 services, and related supports, are necessary to develop and
31 maintain high quality, patient-centered, and cost-effective care for
32 individuals with mental health disorders that facilitates their
33 recovery and leads towards wellness.

34 (6) The recovery of individuals with mental health disorders is
35 important for all levels of government, business, and the local
36 community.

37 (b) This section shall be known, and may be cited, as the
38 Investment in Mental Health Wellness Act of 2013. The objectives
39 of this section are to do all of the following:

1 (1) Expand access to early intervention and treatment services
2 to improve the client experience, achieve recovery and wellness,
3 and reduce costs.

4 (2) Expand the continuum of services to address crisis
5 intervention, crisis stabilization, and crisis residential treatment
6 needs that are wellness, resiliency, and recovery oriented.

7 (3) Add at least 25 mobile crisis support teams and at least 2,000
8 crisis stabilization and crisis residential treatment beds to bolster
9 capacity at the local level to improve access to mental health crisis
10 services and address unmet mental health care needs.

11 (4) Add at least 600 triage personnel to provide intensive case
12 management and linkage to services for individuals with mental
13 health care disorders at various points of access, such as at
14 designated community-based service points, homeless shelters,
15 and clinics.

16 (5) Reduce unnecessary hospitalizations and inpatient days by
17 appropriately utilizing community-based services and improving
18 access to timely assistance.

19 (6) Reduce recidivism and mitigate unnecessary expenditures
20 of local law enforcement.

21 (7) Provide local communities with increased financial resources
22 to leverage additional public and private funding sources to achieve
23 improved networks of care for individuals with mental health
24 disorders.

25 (c) Through appropriations provided in the annual Budget Act
26 for this purpose, it is the intent of the Legislature to authorize the
27 California Health Facilities Financing Authority, hereafter referred
28 to as the authority, and the Mental Health Services Oversight and
29 Accountability Commission, hereafter referred to as the
30 commission, to administer competitive selection processes as
31 provided in this section for capital capacity and program expansion
32 to increase capacity for mobile crisis support, crisis intervention,
33 crisis stabilization services, crisis residential treatment, and
34 specified personnel resources.

35 (d) Funds appropriated by the Legislature to the authority for
36 purposes of this section shall be made available to selected
37 counties, or counties acting jointly. The authority may, at its
38 discretion, also give consideration to private nonprofit corporations
39 and public agencies in an area or region of the state if a county, or
40 counties acting jointly, affirmatively supports this designation and

1 collaboration in lieu of a county government directly receiving
2 grant funds.

3 (1) Grant awards made by the authority shall be used to expand
4 local resources for the development, capital, equipment acquisition,
5 and applicable program startup or expansion costs to increase
6 capacity for client assistance and services in the following areas:

7 (A) Crisis intervention, as authorized by Sections 14021.4,
8 14680, and 14684.

9 (B) Crisis stabilization, as authorized by Sections 14021.4,
10 14680, and 14684.

11 (C) Crisis residential treatment, as authorized by Sections
12 14021.4, 14680, and 14684.

13 (D) Rehabilitative mental health services, as authorized by
14 Sections 14021.4, 14680, and 14684.

15 (E) Mobile crisis support teams, including personnel and
16 equipment, such as the purchase of vehicles.

17 (2) The authority shall develop selection criteria to expand local
18 resources, including those described in paragraph (1), and processes
19 for awarding grants after consulting with representatives and
20 interested stakeholders from the mental health community,
21 including, but not limited to, ~~county mental health directors, the~~
22 *County Behavioral Health Directors Association of California*,
23 service providers, consumer organizations, and other appropriate
24 interests, such as health care providers and law enforcement, as
25 determined by the authority. The authority shall ensure that grants
26 result in cost-effective expansion of the number of
27 community-based crisis resources in regions and communities
28 selected for funding. The authority shall also take into account at
29 least the following criteria and factors when selecting recipients
30 of grants and determining the amount of grant awards:

31 (A) Description of need, including, at a minimum, a
32 comprehensive description of the project, community need,
33 population to be served, linkage with other public systems of health
34 and mental health care, linkage with local law enforcement, social
35 services, and related assistance, as applicable, and a description
36 of the request for funding.

37 (B) Ability to serve the target population, which includes
38 individuals eligible for Medi-Cal and individuals eligible for county
39 health and mental health services.

1 (C) Geographic areas or regions of the state to be eligible for
2 grant awards, which may include rural, suburban, and urban areas,
3 and may include use of the five regional designations utilized by
4 the ~~California Mental County Behavioral Health Directors~~
5 ~~Association~~. *Association of California*.

6 (D) Level of community engagement and commitment to project
7 completion.

8 (E) Financial support that, in addition to a grant that may be
9 awarded by the authority, will be sufficient to complete and operate
10 the project for which the grant from the authority is awarded.

11 (F) Ability to provide additional funding support to the project,
12 including public or private funding, federal tax credits and grants,
13 foundation support, and other collaborative efforts.

14 (G) Memorandum of understanding among project partners, if
15 applicable.

16 (H) Information regarding the legal status of the collaborating
17 partners, if applicable.

18 (I) Ability to measure key outcomes, including improved access
19 to services, health and mental health outcomes, and cost benefit
20 of the project.

21 (3) The authority shall determine maximum grants awards,
22 which shall take into consideration the number of projects awarded
23 to the grantee, as described in paragraph (1), and shall reflect
24 reasonable costs for the project and geographic region. The
25 authority may allocate a grant in increments contingent upon the
26 phases of a project.

27 (4) Funds awarded by the authority pursuant to this section may
28 be used to supplement, but not to supplant, existing financial and
29 resource commitments of the grantee or any other member of a
30 collaborative effort that has been awarded a grant.

31 (5) All projects that are awarded grants by the authority shall
32 be completed within a reasonable period of time, to be determined
33 by the authority. Funds shall not be released by the authority until
34 the applicant demonstrates project readiness to the authority's
35 satisfaction. If the authority determines that a grant recipient has
36 failed to complete the project under the terms specified in awarding
37 the grant, the authority may require remedies, including the return
38 of all or a portion of the grant.

39 (6) A grantee that receives a grant from the authority under this
40 section shall commit to using that capital capacity and program

1 expansion project, such as the mobile crisis team, crisis
2 stabilization unit, or crisis residential treatment program, for the
3 duration of the expected life of the project.

4 (7) The authority may consult with a technical assistance entity,
5 as described in paragraph (5) of subdivision (a) of Section 4061,
6 for purposes of implementing this section.

7 (8) The authority may adopt emergency regulations relating to
8 the grants for the capital capacity and program expansion projects
9 described in this section, including emergency regulations that
10 define eligible costs and determine minimum and maximum grant
11 amounts.

12 (9) The authority shall provide reports to the fiscal and policy
13 committees of the Legislature on or before May 1, 2014, and on
14 or before May 1, 2015, on the progress of implementation, that
15 includes, but are not limited to, the following:

16 (A) A description of each project awarded funding.

17 (B) The amount of each grant issued.

18 (C) A description of other sources of funding for each project.

19 (D) The total amount of grants issued.

20 (E) A description of project operation and implementation,
21 including who is being served.

22 (10) A recipient of a grant provided pursuant to paragraph (1)
23 shall adhere to all applicable laws relating to scope of practice,
24 licensure, certification, staffing, and building codes.

25 (e) Funds appropriated by the Legislature to the commission
26 for purposes of this section shall be allocated for triage personnel
27 to provide intensive case management and linkage to services for
28 individuals with mental health disorders at various points of access.
29 These funds shall be made available to selected counties, counties
30 acting jointly, or city mental health departments, as determined
31 by the commission through a selection process. It is the intent of
32 the Legislature for these funds to be allocated in an efficient manner
33 to encourage early intervention and receipt of needed services for
34 individuals with mental health disorders, and to assist in navigating
35 the local service sector to improve efficiencies and the delivery of
36 services.

37 (1) Triage personnel may provide targeted case management
38 services face to face, by telephone, or by telehealth with the
39 individual in need of assistance or his or her significant support

1 person, and may be provided anywhere in the community. These
2 service activities may include, but are not limited to, the following:

3 (A) Communication, coordination, and referral.

4 (B) Monitoring service delivery to ensure the individual accesses
5 and receives services.

6 (C) Monitoring the individual's progress.

7 (D) Providing placement service assistance and service plan
8 development.

9 (2) The commission shall take into account at least the following
10 criteria and factors when selecting recipients and determining the
11 amount of grant awards for triage personnel as follows:

12 (A) Description of need, including potential gaps in local service
13 connections.

14 (B) Description of funding request, including personnel and use
15 of peer support.

16 (C) Description of how triage personnel will be used to facilitate
17 linkage and access to services, including objectives and anticipated
18 outcomes.

19 (D) Ability to obtain federal Medicaid reimbursement, when
20 applicable.

21 (E) Ability to administer an effective service program and the
22 degree to which local agencies and service providers will support
23 and collaborate with the triage personnel effort.

24 (F) Geographic areas or regions of the state to be eligible for
25 grant awards, which shall include rural, suburban, and urban areas,
26 and may include use of the five regional designations utilized by
27 the ~~California Mental County Behavioral Health Directors~~
28 ~~Association~~. *Association of California*.

29 (3) The commission shall determine maximum grant awards,
30 and shall take into consideration the level of need, population to
31 be served, and related criteria, as described in paragraph (2), and
32 shall reflect reasonable costs.

33 (4) Funds awarded by the commission for purposes of this
34 section may be used to supplement, but not supplant, existing
35 financial and resource commitments of the county, counties acting
36 jointly, or city mental health department that received the grant.

37 (5) Notwithstanding any other law, a county, counties acting
38 jointly, or city mental health department that receives an award of
39 funds for the purpose of supporting triage personnel pursuant to

1 this subdivision is not required to provide a matching contribution
2 of local funds.

3 (6) Notwithstanding any other law, the commission, without
4 taking any further regulatory action, may implement, interpret, or
5 make specific this section by means of informational letters,
6 bulletins, or similar instructions.

7 (7) The commission shall provide a status report to the fiscal
8 and policy committees of the Legislature on the progress of
9 implementation no later than March 1, 2014.

10 SEC. 27. Section 5892 of the Welfare and Institutions Code is
11 amended to read:

12 5892. (a) In order to promote efficient implementation of this
13 act, the county shall use funds distributed from the Mental Health
14 Services Fund as follows:

15 (1) In 2005–06, 2006–07, and in 2007–08 10 percent shall be
16 placed in a trust fund to be expended for education and training
17 programs pursuant to Part 3.1.

18 (2) In 2005–06, 2006–07 and in 2007–08 10 percent for capital
19 facilities and technological needs distributed to counties in
20 accordance with a formula developed in consultation with the
21 ~~California Mental~~ *County Behavioral* Health Directors Association
22 *of California* to implement plans developed pursuant to Section
23 5847.

24 (3) Twenty percent of funds distributed to the counties pursuant
25 to subdivision (c) of Section 5891 shall be used for prevention and
26 early intervention programs in accordance with Part 3.6
27 (commencing with Section 5840) of this division.

28 (4) The expenditure for prevention and early intervention may
29 be increased in any county in which the department determines
30 that the increase will decrease the need and cost for additional
31 services to severely mentally ill persons in that county by an
32 amount at least commensurate with the proposed increase.

33 (5) The balance of funds shall be distributed to county mental
34 health programs for services to persons with severe mental illnesses
35 pursuant to Part 4 (commencing with Section 5850), for the
36 children’s system of care and Part 3 (commencing with Section
37 5800), for the adult and older adult system of care.

38 (6) Five percent of the total funding for each county mental
39 health program for Part 3 (commencing with Section 5800), Part
40 3.6 (commencing with Section 5840), and Part 4 (commencing

1 with Section 5850) of this division, shall be utilized for innovative
2 programs in accordance with Sections 5830, 5847, and 5848.

3 (b) In any year after 2007–08, programs for services pursuant
4 to Part 3 (commencing with Section 5800), and Part 4
5 (commencing with Section 5850) of this division may include
6 funds for technological needs and capital facilities, human resource
7 needs, and a prudent reserve to ensure services do not have to be
8 significantly reduced in years in which revenues are below the
9 average of previous years. The total allocation for purposes
10 authorized by this subdivision shall not exceed 20 percent of the
11 average amount of funds allocated to that county for the previous
12 five years pursuant to this section.

13 (c) The allocations pursuant to subdivisions (a) and (b) shall
14 include funding for annual planning costs pursuant to Section 5848.
15 The total of these costs shall not exceed 5 percent of the total of
16 annual revenues received for the fund. The planning costs shall
17 include funds for county mental health programs to pay for the
18 costs of consumers, family members, and other stakeholders to
19 participate in the planning process and for the planning and
20 implementation required for private provider contracts to be
21 significantly expanded to provide additional services pursuant to
22 Part 3 (commencing with Section 5800), and Part 4 (commencing
23 with Section 5850) of this division.

24 (d) Prior to making the allocations pursuant to subdivisions (a),
25 (b), and (c), funds shall be reserved for the costs for the State
26 Department of Health Care Services, the California Mental Health
27 Planning Council, the Office of Statewide Health Planning and
28 Development, the Mental Health Services Oversight and
29 Accountability Commission, the State Department of Public Health,
30 and any other state agency to implement all duties pursuant to the
31 programs set forth in this section. These costs shall not exceed 5
32 percent of the total of annual revenues received for the fund. The
33 administrative costs shall include funds to assist consumers and
34 family members to ensure the appropriate state and county agencies
35 give full consideration to concerns about quality, structure of
36 service delivery, or access to services. The amounts allocated for
37 administration shall include amounts sufficient to ensure adequate
38 research and evaluation regarding the effectiveness of services
39 being provided and achievement of the outcome measures set forth
40 in Part 3 (commencing with Section 5800), Part 3.6 (commencing

1 with Section 5840), and Part 4 (commencing with Section 5850)
2 of this division. The amount of funds available for the purposes
3 of this subdivision in any fiscal year shall be subject to
4 appropriation in the annual Budget Act.

5 (e) In 2004–05 funds shall be allocated as follows:

6 (1) Forty-five percent for education and training pursuant to
7 Part 3.1 (commencing with Section 5820) of this division.

8 (2) Forty-five percent for capital facilities and technology needs
9 in the manner specified by paragraph (2) of subdivision (a).

10 (3) Five percent for local planning in the manner specified in
11 subdivision (c).

12 (4) Five percent for state implementation in the manner specified
13 in subdivision (d).

14 (f) Each county shall place all funds received from the State
15 Mental Health Services Fund in a local Mental Health Services
16 Fund. The Local Mental Health Services Fund balance shall be
17 invested consistent with other county funds and the interest earned
18 on the investments shall be transferred into the fund. The earnings
19 on investment of these funds shall be available for distribution
20 from the fund in future years.

21 (g) All expenditures for county mental health programs shall
22 be consistent with a currently approved plan or update pursuant
23 to Section 5847.

24 (h) Other than funds placed in a reserve in accordance with an
25 approved plan, any funds allocated to a county ~~which~~ *that* have
26 not been spent for their authorized purpose within three years shall
27 revert to the state to be deposited into the fund and available for
28 other counties in future years, provided however, that funds for
29 capital facilities, technological needs, or education and training
30 may be retained for up to 10 years before reverting to the fund.

31 (i) If there are still additional revenues available in the fund
32 after the Mental Health Services Oversight and Accountability
33 Commission has determined there are prudent reserves and no
34 unmet needs for any of the programs funded pursuant to this
35 section, including all purposes of the Prevention and Early
36 Intervention Program, the commission shall develop a plan for
37 expenditures of these revenues to further the purposes of this act
38 and the Legislature may appropriate these funds for any purpose
39 consistent with the commission's adopted plan ~~which~~ *that* furthers
40 the purposes of this act.

(j) For the 2011–12 fiscal year, General Fund revenues will be insufficient to fully fund many existing mental health programs, including Early and Periodic Screening, Diagnosis, and Treatment (EPSDT), Medi-Cal Specialty Mental Health Managed Care, and mental health services provided for special education pupils. In order to adequately fund those programs for the 2011–12 fiscal year and avoid deeper reductions in programs that serve individuals with severe mental illness and the most vulnerable, medically needy citizens of the state, prior to distribution of funds under paragraphs (1) to (6), inclusive, of subdivision (a), effective July 1, 2011, moneys shall be allocated from the Mental Health Services Fund to the counties as follows:

(1) Commencing July 1, 2011, one hundred eighty-three million six hundred thousand dollars (\$183,600,000) of the funds available as of July 1, 2011, in the Mental Health Services Fund, shall be allocated in a manner consistent with subdivision (c) of Section 5778 and based on a formula determined by the state in consultation with the ~~California Mental County Behavioral Health~~ Directors Association of California to meet the fiscal year 2011–12 General Fund obligation for Medi-Cal Specialty Mental Health Managed Care.

(2) Upon completion of the allocation in paragraph (1), the Controller shall distribute to counties ninety-eight million five hundred eighty-six thousand dollars (\$98,586,000) from the Mental Health Services Fund for mental health services for special education pupils based on a formula determined by the state in consultation with the ~~California Mental County Behavioral Health~~ Directors Association of California.

(3) Upon completion of the allocation in paragraph (2), the Controller shall distribute to counties 50 percent of their 2011–12 Mental Health Services Act component allocations consistent with Sections 5847 and 5891, not to exceed four hundred eighty-eight million dollars (\$488,000,000). This allocation shall commence beginning August 1, 2011.

(4) Upon completion of the allocation in paragraph (3), and as revenues are deposited into the Mental Health Services Fund, the Controller shall distribute five hundred seventy-nine million dollars (\$579,000,000) from the Mental Health Services Fund to counties to meet the General Fund obligation for EPSDT for fiscal year 2011–12. These revenues shall be distributed to counties on a

1 quarterly basis and based on a formula determined by the state in
2 consultation with the ~~California Mental County Behavioral~~ Health
3 Directors Association of California. These funds shall not be
4 subject to reconciliation or cost settlement.

5 (5) The Controller shall distribute to counties the remaining
6 2011–12 Mental Health Services Act component allocations
7 consistent with Sections 5847 and 5891, beginning no later than
8 April 30, 2012. These remaining allocations shall be made on a
9 monthly basis.

10 (6) The total one-time allocation from the Mental Health
11 Services Fund for EPSDT, Medi-Cal Specialty Mental Health
12 Managed Care, and mental health services provided to special
13 education pupils as referenced shall not exceed eight hundred
14 sixty-two million dollars (\$862,000,000). Any revenues deposited
15 in the Mental Health Services Fund in fiscal year 2011–12 that
16 exceed this obligation shall be distributed to counties for remaining
17 fiscal year 2011–12 Mental Health Services Act component
18 allocations, consistent with Sections 5847 and 5891.

19 (k) Subdivision (j) shall not be subject to repayment.

20 (l) Subdivision (j) shall become inoperative on July 1, 2012.

21 SEC. 28. Section 5899 of the Welfare and Institutions Code is
22 amended to read:

23 5899. (a) The State Department of Health Care Services, in
24 consultation with the Mental Health Services Oversight and
25 Accountability Commission and the ~~California Mental County~~
26 *Behavioral Health Directors Association of California*, shall
27 develop and administer instructions for the Annual Mental Health
28 Services Act Revenue and Expenditure Report. This report shall
29 be submitted electronically to the department and to the Mental
30 Health Services Oversight and Accountability Commission.

31 (b) The purpose of the Annual Mental Health Services Act
32 Revenue and Expenditure Report is as follows:

33 (1) Identify the expenditures of Mental Health Services Act
34 (MHSA) funds that were distributed to each county.

35 (2) Quantify the amount of additional funds generated for the
36 mental health system as a result of the MHSA.

37 (3) Identify unexpended funds, and interest earned on MHSA
38 funds.

39 (4) Determine reversion amounts, if applicable, from prior fiscal
40 year distributions.

(c) This report is intended to provide information that allows for the evaluation of all of the following:

- (1) Children's systems of care.
- (2) Prevention and early intervention strategies.
- (3) Innovative projects.
- (4) Workforce education and training.
- (5) Adults and older adults systems of care.
- (6) Capital facilities and technology needs.

SEC. 29. Section 5902 of the Welfare and Institutions Code is amended to read:

5902. (a) In the 1991–92 fiscal year, funding sufficient to cover the cost of the basic level of care in institutions for mental disease at the rate established by the State Department of Health Services shall be made available to the department for skilled nursing facilities, plus the rate established for special treatment programs. The department may authorize a county to administer institutions for mental disease services if the county with the consent of the affected providers makes a request to administer services and an allocation is made to the county for these services. The department shall continue to contract with these providers for the services necessary for the operation of the institutions for mental disease.

(b) In the 1992–93 fiscal year, the department shall consider county-specific requests to continue to provide administrative services relative to institutions for mental disease facilities when no viable alternatives are found to exist.

(c) (1) By October 1, 1991, the department, in consultation with the ~~California Conference of Local Mental Health Directors~~ *County Behavioral Health Directors Association of California* and the California Association of Health Facilities, shall develop and publish a county-specific allocation of institutions for mental disease funds ~~which~~ *that* will take effect on July 1, 1992.

(2) By November 1, 1991, counties shall notify the providers of any intended change in service levels to be effective on July 1, 1992.

(3) By April 1, 1992, counties and providers shall have entered into contracts for basic institutions for mental disease services at the rate described in subdivision (e) for the 1992–93 fiscal year at the level expressed on or before November 1, 1991, except that a county shall be permitted additional time, until June 1, 1992, to

1 complete the processing of the contract, when any of the following
2 conditions are met:

3 (A) The county and the affected provider have agreed on all
4 substantive institutions for mental disease contract issues by April
5 1, 1992.

6 (B) Negotiations are in process with the county on April 1, 1992,
7 and the affected provider has agreed in writing to the extension.

8 (C) The service level committed to on November 1, 1991,
9 exceeds the affected provider's bed capacity.

10 (D) The county can document that the affected provider has
11 refused to enter into negotiations by April 1, 1992, or has
12 substantially delayed negotiations.

13 (4) If a county and a provider are unable to reach agreement on
14 substantive contract issues by June 1, 1992, the department may,
15 upon request of either the affected county or the provider, mediate
16 the disputed issues.

17 (5) Where contracts for service at the level committed to on
18 November 1, 1991, have not been completed by April 1, 1992,
19 and additional time is not permitted pursuant to the exceptions
20 specified in paragraph (3) the funds allocated to those counties
21 shall revert for reallocation in a manner that shall promote equity
22 of funding among counties. With respect to counties with
23 exceptions permitted pursuant to paragraph (3), funds shall not
24 revert unless contracts are not completed by June 1, 1992. In no
25 event shall funds revert under this section if there is no harm to
26 the provider as a result of the county contract not being completed.
27 During the 1992–93 fiscal year, funds reverted under this paragraph
28 shall be used to purchase institution for mental disease/skilled
29 nursing/special treatment program services in existing facilities.

30 (6) Nothing in this section shall apply to negotiations regarding
31 supplemental payments beyond the rate specified in subdivision
32 (e).

33 (d) On or before April 1, 1992, counties may complete contracts
34 with facilities for the direct purchase of services in the 1992–93
35 fiscal year. Those counties for which facility contracts have not
36 been completed by that date shall be deemed to continue to accept
37 financial responsibility for those patients during the subsequent
38 fiscal year at the rate specified in subdivision (a).

39 (e) As long as contracts with institutions for mental disease
40 providers require the facilities to maintain skilled nursing facility

1 licensure and certification, reimbursement for basic services shall
2 be at the rate established by the State Department of Health
3 Services. Except as provided in this section, reimbursement rates
4 for services in institutions for mental diseases shall be the same
5 as the rates in effect on July 31, 2004. Effective July 1, 2005,
6 through June 30, 2008, the reimbursement rate for institutions for
7 mental disease shall increase by 6.5 percent annually. Effective
8 July 1, 2008, the reimbursement rate for institutions for mental
9 disease shall increase by 4.7 percent annually.

10 (f) (1) Providers that agree to contract with the county for
11 services under an alternative mental health program pursuant to
12 Section 5768 that does not require skilled nursing facility licensure
13 shall retain return rights to licensure as skilled nursing facilities.

14 (2) Providers participating in an alternative program that elect
15 to return to skilled nursing facility licensure shall only be required
16 to meet those requirements under which they previously operated
17 as a skilled nursing facility.

18 (g) In the 1993–94 fiscal year and thereafter, the department
19 shall consider requests to continue administrative services related
20 to institutions for mental disease facilities from counties with a
21 population of 150,000 or less based on the most recent available
22 estimates of population data as determined by the Population
23 Research Unit of the Department of Finance.

24 SEC. 30. Section 11467 of the Welfare and Institutions Code
25 is amended to read:

26 11467. (a) The State Department of Social Services, with the
27 advice and assistance of the County Welfare Directors Association,
28 the Chief Probation Officer's Association, the ~~California Mental~~
29 *County Behavioral Health Directors Association of California*,
30 research entities, foster youth and advocates for foster youth, foster
31 care provider business entities organized and operated on a
32 nonprofit basis, tribes, and other stakeholders, shall establish a
33 working group to develop performance standards and outcome
34 measures for providers of out-of-home care placements made under
35 the AFDC-FC program, including, but not limited to, foster family
36 agency, group home, and THP-Plus providers, and for the effective
37 and efficient administration of the AFDC-FC program.

38 (b) The performance standards and outcome measures shall
39 employ the applicable performance standards and outcome
40 measures as set forth in Sections 11469 and 11469.1, designed to

1 identify the degree to which foster care providers, including
2 business entities organized and operated on a nonprofit basis, are
3 providing out-of-home placement services that meet the needs of
4 foster children, and the degree to which these services are
5 supporting improved outcomes, including those identified by the
6 California Child and Family Service Review System.

7 (c) In addition to the process described in subdivision (a), the
8 working group may also develop the following:

9 (1) A means of identifying the child's needs and determining
10 which is the most appropriate out-of-home placement for a child.

11 (2) A procedure for identifying children who have been in
12 congregate care for one year or longer, determining the reasons
13 each child remains in congregate care, and developing a plan for
14 each child to transition to a less restrictive, more family-like setting.

15 (d) The department shall provide updates regarding its progress
16 toward meeting the requirements of this section during the 2013
17 and 2014 budget hearings.

18 (e) Notwithstanding the rulemaking provisions of the
19 Administrative Procedure Act (Chapter 3.5 (commencing with
20 Section 13340) of Part 1 of Division 3 of Title 2 of the Government
21 Code), until the enactment of applicable state law, or October 1,
22 2015, whichever is earlier, the department may implement the
23 changes made pursuant to this section through all-county letters,
24 or similar instructions from the director.

25 SEC. 31. Section 11469 of the Welfare and Institutions Code
26 is amended to read:

27 11469. (a) The department, in consultation with group home
28 providers, the County Welfare Directors Association, the Chief
29 Probation Officers of California, the ~~California Mental County~~
30 *Behavioral Health Directors Association of California*, and the
31 State Department of Health Care Services, shall develop
32 performance standards and outcome measures for determining the
33 effectiveness of the care and supervision, as defined in subdivision
34 (b) of Section 11460, provided by group homes under the
35 AFDC-FC program pursuant to Sections 11460 and 11462. These
36 standards shall be designed to measure group home program
37 performance for the client group that the group home program is
38 designed to serve.

39 (1) The performance standards and outcome measures shall be
40 designed to measure the performance of group home programs in

1 areas over which the programs have some degree of influence, and
2 in other areas of measurable program performance that the
3 department can demonstrate are areas over which group home
4 programs have meaningful managerial or administrative influence.

5 (2) These standards and outcome measures shall include, but
6 are not limited to, the effectiveness of services provided by each
7 group home program, and the extent to which the services provided
8 by the group home assist in obtaining the child welfare case plan
9 objectives for the child.

10 (3) In addition, when the group home provider has identified
11 as part of its program for licensing, ratesetting, or county placement
12 purposes, or has included as a part of a child's case plan by mutual
13 agreement between the group home and the placing agency,
14 specific mental health, education, medical, and other child-related
15 services, the performance standards and outcome measures may
16 also measure the effectiveness of those services.

17 (b) Regulations regarding the implementation of the group home
18 performance standards system required by this section shall be
19 adopted no later than one year prior to implementation. The
20 regulations shall specify both the performance standards system
21 and the manner by which the AFDC-FC rate of a group home
22 program shall be adjusted if performance standards are not met.

23 (c) Except as provided in subdivision (d), effective July 1, 1995,
24 group home performance standards shall be implemented. Any
25 group home program not meeting the performance standards shall
26 have its AFDC-FC rate, set pursuant to Section 11462, adjusted
27 according to the regulations required by this section.

28 (d) Effective July 1, 1995, group home programs shall be
29 classified at rate classification level 13 or 14 only if all of the
30 following are met:

31 (1) The program generates the requisite number of points for
32 rate classification level 13 or 14.

33 (2) The program only accepts children with special treatment
34 needs as determined through the assessment process pursuant to
35 paragraph (2) of subdivision (a) of Section 11462.01.

36 (3) The program meets the performance standards designed
37 pursuant to this section.

38 (e) Notwithstanding subdivision (c), the group home program
39 performance standards system shall not be implemented prior to

1 the implementation of the AFDC-FC performance standards
2 system.

3 (f) By January 1, 2016, the department, in consultation with the
4 County Welfare Directors Association, the Chief Probation Officers
5 of California, the ~~California Mental~~ *County Behavioral* Health
6 Directors Association *of California*, research entities, foster youth
7 and advocates for foster youth, foster care provider business entities
8 organized and operated on a nonprofit basis, Indian tribes, and
9 other stakeholders, shall develop additional performance standards
10 and outcome measures that require group homes to implement
11 programs and services to minimize law enforcement contacts and
12 delinquency petition filings arising from incidents of allegedly
13 unlawful behavior by minors occurring in group homes or under
14 the supervision of group home staff, including individualized
15 behavior management programs, emergency intervention plans,
16 and conflict resolution processes.

17 SEC. 32. Section 14021.4 of the Welfare and Institutions Code
18 is amended to read:

19 14021.4. (a) California's plan for federal Medi-Cal grants for
20 medical assistance programs, pursuant to Subchapter XIX
21 (commencing with Section 1396) of Title 42 of the United States
22 Code, shall accomplish the following objectives:

23 (1) Expansion of the location and type of therapeutic services
24 offered to persons with mental illnesses under Medi-Cal by the
25 category of "other diagnostic, screening, preventative, and
26 rehabilitative services" ~~which~~ *that* is available to states under the
27 federal Social Security Act and its implementing regulations (42
28 U.S.C. Sec. 1396d(a)(13); 42 C.F.R. 440.130).

29 (2) Expansion of federal financial participation in the costs of
30 specialty mental health services provided by local mental health
31 plans or under contract with the mental health plans.

32 (3) Expansion of the location where reimbursable specialty
33 mental health services can be provided, including home, school,
34 and community based sites.

35 (4) Expansion of federal financial participation for services
36 ~~which~~ *that* meet the rehabilitation needs of persons with mental
37 illnesses, including, but not limited to, medication management,
38 functional rehabilitation assessments of clients, and rehabilitative
39 services ~~which~~ *that* include remedial services directed at restoration

1 to the highest possible functional level for persons with mental
2 illnesses and maximum reduction of symptoms of mental illness.

3 (5) Improvement of fiscal systems and accountability structures
4 for specialty mental health services, costs, and rates, with the goal
5 of achieving federal fiscal requirements.

6 (b) The department's state plan revision shall be completed with
7 review and comments by the ~~California Mental~~ *County Behavioral*
8 *Health Directors Association of California* and other appropriate
9 groups.

10 (c) Services under the rehabilitative option shall be limited to
11 specialty mental health plans certified to provide Medi-Cal under
12 this option.

13 (d) It is the intent of the Legislature that the rehabilitation option
14 of the state Medicaid plan be implemented to expand and provide
15 flexibility to treatment services and to increase the federal
16 participation without increasing the costs to the General Fund.

17 (e) The department shall review and revise the quality assurance
18 standards and guidelines required by Section 14725 to ensure that
19 quality services are delivered to the eligible population. Any
20 reviews shall include, but not be limited to, appropriate use of
21 mental health professionals, including psychiatrists, in the treatment
22 and rehabilitation of clients under this model. The existing quality
23 assurance standards and guidelines shall remain in effect until the
24 adoption of the new quality assurance standards and guidelines.

25 (f) Consistent with services offered to persons with mental
26 illnesses under the Medi-Cal program, as required by this section,
27 it is the intent of the Legislature for the department to include care
28 and treatment of persons with mental illnesses who are eligible
29 for the Medi-Cal program in facilities with a bed capacity of 16
30 beds or less.

31 SEC. 33. Section 14124.24 of the Welfare and Institutions
32 Code is amended to read:

33 14124.24. (a) For purposes of this section, "Drug Medi-Cal
34 reimbursable services" means the substance use disorder services
35 described in the California State Medicaid Plan and includes, but
36 is not limited to, all of the following services, administered by the
37 department, and to the extent consistent with state and federal law:

38 (1) Narcotic treatment program services, as set forth in Section
39 14021.51.

40 (2) Day care rehabilitative services.

1 (3) Perinatal residential services for pregnant women and women
2 in the postpartum period.

3 (4) Naltrexone services.

4 (5) Outpatient drug-free services.

5 (6) Other services upon approval of a federal Medicaid state
6 plan amendment or waiver authorizing federal financial
7 participation.

8 (b) (1) While seeking federal approval for any federal Medicaid
9 state plan amendment or waiver associated with Drug Medi-Cal
10 services, the department shall consult with the counties and
11 stakeholders in the development of the state plan amendment or
12 waiver.

13 (2) Upon federal approval of a federal Medicaid state plan
14 amendment authorizing federal financial participation in the
15 following services, and subject to appropriation of funds, “Drug
16 Medi-Cal reimbursable services” shall also include the following
17 services, administered by the department, and to the extent
18 consistent with state and federal law:

19 (A) Notwithstanding subdivision (a) of Section 14132.90, day
20 care habilitative services, which, for purposes of this paragraph,
21 are outpatient counseling and rehabilitation services provided to
22 persons with substance use disorder diagnoses.

23 (B) Case management services, including supportive services
24 to assist persons with substance use disorder diagnoses in gaining
25 access to medical, social, educational, and other needed services.

26 (C) Aftercare services.

27 (c) (1) The nonfederal share for Drug Medi-Cal services shall
28 be funded through a county’s Behavioral Health Subaccount of
29 the Support Services Account of the Local Revenue Fund 2011,
30 and any other available county funds eligible under federal law
31 for federal Medicaid reimbursement. The funds contained in each
32 county’s Behavioral Health Subaccount of the Support Services
33 Account of the Local Revenue Fund 2011 shall be considered state
34 funds distributed by the principal state agency for the purposes of
35 receipt of the federal block grant funds for prevention and treatment
36 of substance abuse found at Subchapter XVII of Chapter 6A of
37 Title 42 of the United States Code. Pursuant to applicable federal
38 Medicaid law and regulations including Section 433.51 of Title
39 42 of the Code of Federal Regulations, counties may claim
40 allowable Medicaid federal financial participation for Drug

1 Medi-Cal services based on the counties certifying their actual
2 total funds expenditures for eligible Drug Medi-Cal services to
3 the department.

4 (2) (A) If the director determines that a county's provision of
5 Drug Medi-Cal treatment services are disallowed by the federal
6 government or by state or federal audit or review, the impacted
7 county shall be responsible for repayment of all disallowed federal
8 funds. In addition to any other recovery methods available,
9 including, but not limited to, offset of Medicaid federal financial
10 participation funds owed to the impacted county, the director may
11 offset these amounts in accordance with Section 12419.5 of the
12 Government Code.

13 (B) A county subject to an action by the director pursuant to
14 subparagraph (A) may challenge that action by requesting a hearing
15 in writing no later than 30 days from receipt of notice of the
16 department's action. The proceeding shall be conducted in
17 accordance with Chapter 5 (commencing with Section 11500) of
18 Part 1 of Division 3 of Title 2 of the Government Code, and the
19 director has all the powers granted therein. Upon a county's timely
20 request for hearing, the county's obligation to make payment as
21 determined by the director shall be stayed pending the county's
22 exhaustion of administrative remedies provided herein but no
23 longer than will ensure the department's compliance with Section
24 1903(d)(2)(C) of the federal Social Security Act (42 U.S.C. Sec.
25 1396b).

26 (d) Drug Medi-Cal services are only reimbursable to Drug
27 Medi-Cal providers with an approved Drug Medi-Cal contract.

28 (e) Counties shall negotiate contracts only with providers
29 certified to provide Drug Medi-Cal services.

30 (f) The department shall develop methods to ensure timely
31 payment of Drug Medi-Cal claims.

32 (g) (1) A county or a contracted provider, except for a provider
33 to whom subdivision (h) applies, shall submit accurate and
34 complete cost reports for the previous fiscal year by November 1,
35 following the end of the fiscal year. The department may settle
36 Drug Medi-Cal reimbursable services, based on the cost report as
37 the final amendment to the approved county Drug Medi-Cal
38 contract.

1 (2) Amounts paid for services provided to Drug Medi-Cal
2 beneficiaries shall be audited by the department in the manner and
3 form described in Section 14170.

4 (3) Administrative appeals to review grievances or complaints
5 arising from the findings of an audit or examination made pursuant
6 to this section shall be subject to Section 14171.

7 (h) Certified narcotic treatment program providers that are
8 exclusively billing the state or the county for services rendered to
9 persons subject to Section 1210.1 or 3063.1 of the Penal Code or
10 Section 14021.52 of this code shall submit accurate and complete
11 performance reports for the previous state fiscal year by November
12 1 following the end of that fiscal year. A provider to which this
13 subdivision applies shall estimate its budgets using the uniform
14 state daily reimbursement rate. The format and content of the
15 performance reports shall be mutually agreed to by the department,
16 the County Alcohol and Drug Program Administrators² Behavioral
17 Health Directors Association of California, and representatives
18 of the treatment providers.

19 (i) Contracts entered into pursuant to this section shall be exempt
20 from the requirements of Chapter 1 (commencing with Section
21 10100) and Chapter 2 (commencing with Section 10290) of Part
22 2 of Division 2 of the Public Contract Code.

23 (j) Annually, the department shall publish procedures for
24 contracting for Drug Medi-Cal services with certified providers
25 and for claiming payments, including procedures and specifications
26 for electronic data submission for services rendered.

27 (k) If the department commences a preliminary criminal
28 investigation of a certified provider, the department shall promptly
29 notify each county that currently contracts with the provider for
30 Drug Medi-Cal services that a preliminary criminal investigation
31 has commenced. If the department concludes a preliminary criminal
32 investigation of a certified provider, the department shall promptly
33 notify each county that currently contracts with the provider for
34 Drug Medi-Cal services that a preliminary criminal investigation
35 has concluded.

36 (1) Notice of the commencement and conclusion of a
37 preliminary criminal investigation pursuant to this section shall
38 be made to the county behavioral health director or his or her
39 equivalent.

(2) Communication between the department and a county specific to the commencement or conclusion of a preliminary criminal investigation pursuant to this section shall be deemed confidential and shall not be subject to any disclosure request, including, but not limited to, the Information Practices Act of 1997 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Code of Civil Procedure), the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), requests pursuant to a subpoena, or for any other public purpose, including, but not limited to, court testimony.

(3) Information shared by the department with a county regarding a preliminary criminal investigation shall be maintained in a manner to ensure protection of the confidentiality of the criminal investigation.

(4) The information provided to a county pursuant to this section shall only include the provider name, national provider identifier (NPI) number, address, and the notice that an investigation has commenced or concluded.

(5) A county shall not take any adverse action against a provider based solely upon the preliminary criminal investigation information disclosed to the county pursuant to this section.

(6) In the event of a preliminary criminal investigation of a county owned or operated program, the department has the option to, but is not required to, notify the county pursuant to this section when the department commences or concludes a preliminary criminal investigation.

(7) This section shall not limit the voluntary or otherwise legally mandated or contractually mandated sharing of information between the department and a county of information regarding audits and investigations of Drug Medi-Cal providers.

(8) “Commenced” means the time at which a complaint or allegation is assigned to an investigator for a field investigation.

(9) “Preliminary criminal investigation” means an investigation to gather information to determine if criminal law or statutes have been violated.

SEC. 34. Section 14251 of the Welfare and Institutions Code is amended to read:

14251. (a) (1) “Prepaid health plan” means ~~any plan which~~ *a plan that* meets all of the following criteria:

1 ~~(a)~~

2 ~~(A) Licensed~~ *Is licensed* as a health care service plan by the
3 Director of the Department of Managed Health Care pursuant to
4 the Knox-Keene Health Care Service Plan Act of 1975 (Chapter
5 2.2 (commencing with Section 1340), Division 2, Health and Safety
6 Code), other than a plan organized and operating pursuant to
7 Section 10810 of the Corporations Code ~~which that~~ substantially
8 indemnifies subscribers or enrollees for the cost of provided
9 services, or has an application for licensure pending and was
10 registered under the Knox-Mills Health Plan Act prior to its repeal
11 ~~(Chapter 941, Statutes of 1975) or licensed as a nonprofit hospital~~
12 ~~service plan by the Insurance Commissioner pursuant to Section~~
13 ~~11493(e) and Sections 11501 to 11505 of the Insurance Code.~~
14 ~~repeal.~~

15 ~~(b)~~

16 ~~(B)~~ Meets the requirements for participation in the Medicaid
17 Program (Title XIX of the Social Security Act) on an at risk basis.

18 ~~(c)~~

19 ~~(C)~~ Agrees with the State Department of Health *Care* Services
20 to furnish directly or indirectly health services to Medi-Cal
21 beneficiaries on a predetermined periodic rate basis. ~~“Prepaid~~

22 (2) “Prepaid health plan” includes any organization ~~which that~~
23 is licensed as a plan pursuant to the Knox-Keene Health Care
24 Service Plan Act of 1975 and is subject to regulation by the
25 Department of Managed Health Care pursuant to that act, and
26 ~~which that~~ contracts with the State Department of Health *Care*
27 Services solely as a fiscal intermediary at risk. ~~Except~~

28 ~~(b) (1)~~ Except for the requirement of licensure pursuant to the
29 Knox-Keene Act, the State Director of Health *Care* Services may
30 waive any provision of this chapter ~~which that~~ the director
31 determines is inappropriate for a fiscal intermediary at risk. ~~Any~~
32 ~~such~~ An exemption or waiver shall be set forth in the fiscal
33 intermediary at risk contract with the State Department of Health
34 *Care* Services. ~~“Fiscal~~

35 (2) “Fiscal intermediary at risk” means any entity ~~which that~~
36 entered into a contract with the State Department of Health *Care*
37 Services on a pilot basis pursuant to subdivision (f) of Section
38 14000, as in effect June 1, 1973, in accordance with which the
39 entity received capitated payments from the state and reimbursed
40 providers of health care services on a fee-for-service or other basis

1 for at least the basic scope of health care services, as defined in
2 Section 14256, provided to all beneficiaries covered by the contract
3 residing within a specified geographic region of the state. The
4 fiscal intermediary at risk shall be at risk for the cost of
5 administration and utilization of services or the cost of services,
6 or both, for at least the basic scope of health care services, as
7 defined in Section 14256, provided to all beneficiaries covered by
8 the contract residing within a specified geographic region of the
9 state. The fiscal intermediary at risk may share the risk with
10 providers or reinsuring agencies or both. Eligibility of beneficiaries
11 shall be determined by the State Department of Health *Care*
12 Services and capitation payments shall be based on the number of
13 beneficiaries so determined.

14 SEC. 35. Section 14499.71 of the Welfare and Institutions
15 Code is amended to read:

16 14499.71. For the purposes of this article, “fiscal intermediary”
17 means an entity that agrees to pay for covered services provided
18 to Medi-Cal eligibles in exchange for a premium, subscription
19 charge, or capitation payment; to assume an underwriting risk; and
20 is ~~either~~ licensed by the Director of the Department of Managed
21 Health Care under the Knox-Keene Health Care Service Plan Act
22 of 1975 (~~Chapter 2.2 (commencing with Section 1340) of Division~~
23 ~~2 of the Health and Safety Code~~) or is licensed as a nonprofit
24 hospital service plan by the Insurance Commissioner pursuant to
25 subdivision (e) of Section 11493 of the Insurance Code and
26 Sections 11501 to 11505, inclusive, of the Insurance Code.
27 (~~Chapter 2.2 (commencing with Section 1340) of Division 2 of the~~
28 ~~Health and Safety Code~~).

29 SEC. 36. Section 14707 of the Welfare and Institutions Code
30 is amended to read:

31 14707. (a) In the case of federal audit exceptions, the
32 department shall follow federal audit appeal processes unless the
33 department, in consultation with the ~~California Mental County~~
34 *Behavioral Health Directors Association of California*, determines
35 that those appeals are not cost beneficial.

36 (b) Whenever there is a final federal audit exception against the
37 state resulting from expenditure of federal funds by individual
38 counties, the department may offset federal reimbursement and
39 request the Controller’s office to offset the distribution of funds
40 to the counties from the Mental Health Subaccount, the Mental

1 Health Equity Subaccount, and the Vehicle License Collection
2 Account of the Local Revenue Fund, funds from the Mental Health
3 Account and the Behavioral Health Subaccount of the Local
4 Revenue Fund 2011, and any other mental health realignment
5 funds from which the Controller makes distributions to the counties
6 by the amount of the exception. The department shall provide
7 evidence to the Controller that the county has been notified of the
8 amount of the audit exception no less than 30 days before the offset
9 is to occur. The department shall involve the appropriate counties
10 in developing responses to any draft federal audit reports that
11 directly impact the county.

12 SEC. 37. Section 14711 of the Welfare and Institutions Code
13 is amended to read:

14 14711. (a) The department shall develop, in consultation with
15 ~~the California Mental County Behavioral Health Directors~~
16 ~~Association of California~~, a reimbursement methodology for use
17 in the Medi-Cal claims processing and interim payment system
18 that maximizes federal funding and utilizes, as much as practicable,
19 federal Medicaid and Medicare reimbursement principles. The
20 department shall work with the federal Centers for Medicare and
21 Medicaid Services in the development of the methodology required
22 by this section.

23 (b) Reimbursement amounts developed through the methodology
24 required by this section shall be consistent with federal Medicaid
25 requirements and the approved Medicaid state plan and waivers.

26 (c) Administrative costs shall be claimed separately in a manner
27 consistent with federal Medicaid requirements and the approved
28 Medicaid state plan and waivers and shall be limited to 15 percent
29 of the total actual cost of direct client services.

30 (d) The cost of performing quality assurance and utilization
31 review activities shall be reimbursed separately and shall not be
32 included in administrative cost.

33 (e) The reimbursement methodology established pursuant to
34 this section shall be based upon certified public expenditures,
35 which encourage economy and efficiency in service delivery.

36 (f) The reimbursement amounts established for direct client
37 services pursuant to this section shall be based on increments of
38 time for all noninpatient services.

39 (g) The reimbursement methodology shall not be implemented
40 until it has received any necessary federal approvals.

1 (h) This section shall become operative on July 1, 2012.

2 SEC. 38. Section 14717 of the Welfare and Institutions Code
3 is amended to read:

4 14717. (a) In order to facilitate the receipt of medically
5 necessary specialty mental health services by a foster child who
6 is placed outside his or her county of original jurisdiction, the
7 department shall take all of the following actions:

8 (1) On or before July 1, 2008, create all of the following items,
9 in consultation with stakeholders, including, but not limited to,
10 the California Institute for Mental Health, the Child and Family
11 Policy Institute, the ~~California Mental~~ *County Behavioral* Health
12 Directors Association *of California*, and the California Alliance
13 of Child and Family Services:

14 (A) A standardized contract for the purchase of medically
15 necessary specialty mental health services from organizational
16 providers, when a contract is required.

17 (B) A standardized specialty mental health service authorization
18 procedure.

19 (C) A standardized set of documentation standards and forms,
20 including, but not limited to, forms for treatment plans, annual
21 treatment plan updates, day treatment intensive and day treatment
22 rehabilitative progress notes, and treatment authorization requests.

23 (2) On or before January 1, 2009, use the standardized items as
24 described in paragraph (1) to provide medically necessary specialty
25 mental health services to a foster child who is placed outside his
26 or her county of original jurisdiction, so that organizational
27 providers who are already certified by a mental health plan are not
28 required to be additionally certified by the mental health plan in
29 the county of original jurisdiction.

30 (3) (A) On or before January 1, 2009, use the standardized
31 items described in paragraph (1) to provide medically necessary
32 specialty mental health services to a foster child placed outside
33 his or her county of original jurisdiction to constitute a complete
34 contract, authorization procedure, and set of documentation
35 standards and forms, so that no additional documents are required.

36 (B) Authorize a county mental health plan to be exempt from
37 subparagraph (A) and have an addendum to a contract,
38 authorization procedure, or set of documentation standards and
39 forms, if the county mental health plan has an externally placed

1 requirement, such as a requirement from a federal integrity
2 agreement, that would affect one of these documents.

3 (4) Following consultation with stakeholders, including, but not
4 limited to, the California Institute for Mental Health, the Child and
5 Family Policy Institute, the ~~California Mental County Behavioral~~
6 Health Directors Association *of California*, the California State
7 Association of Counties, and the California Alliance of Child and
8 Family Services, require the use of the standardized contracts,
9 authorization procedures, and documentation standards and forms
10 as specified in paragraph (1) in the 2008–09 state-county mental
11 health plan contract and each state-county mental health plan
12 contract thereafter.

13 (5) The mental health plan shall complete a standardized
14 contract, as provided in paragraph (1), if a contract is required, or
15 another mechanism of payment if a contract is not required, with
16 a provider or providers of the county's choice, to deliver approved
17 specialty mental health services for a specified foster child, within
18 30 days of an approved treatment authorization request.

19 (b) The California Health and Human Services Agency shall
20 coordinate the efforts of the department and the State Department
21 of Social Services to do all of the following:

22 (1) Participate with the stakeholders in the activities described
23 in this section.

24 (2) During budget hearings in 2008 and 2009, report to the
25 Legislature regarding the implementation of this section and
26 subdivision (c) of Section 14716.

27 (3) On or before July 1, 2008, establish the following, in
28 consultation with stakeholders, including, but not limited to, the
29 ~~California Mental County Behavioral~~ Health Directors Association
30 *of California*, the California Alliance of Child and Family Services,
31 and the County Welfare Directors Association of California:

32 (A) Informational materials that explain to foster care providers
33 how to arrange for specialty mental health services on behalf of
34 the beneficiary in their care.

35 (B) Informational materials that county child welfare agencies
36 can access relevant to the provision of services to children in their
37 care from the out-of-county local mental health plan that is
38 responsible for providing those services, including, but not limited
39 to, receiving a copy of the child's treatment plan within 60 days
40 after requesting services.

(C) It is the intent of the Legislature to ensure that foster children who are adopted or placed permanently with relative guardians, and who move to a county outside their original county of residence, can access specialty mental health services in a timely manner. It is the intent of the Legislature to enact this section as a temporary means of ensuring access to these services, while the appropriate stakeholders pursue a long-term solution in the form of a change to the Medi-Cal Eligibility Data System that will allow these children to receive specialty mental health services through their new county of residence.

SEC. 39. Section 14718 of the Welfare and Institutions Code is amended to read:

14718. (a) This section shall be limited to specialty mental health services reimbursed to a mental health plan that certifies public expenditures subject to cost settlement or specialty mental health services reimbursed through the department's fiscal intermediary.

(b) The following provisions shall apply to matters related to specialty mental health services provided under the approved Medi-Cal state plan and the Specialty Mental Health Services Waiver, including, but not limited to, reimbursement and claiming procedures, reviews and oversight, and appeal processes for mental health plans (MHPs) and MHP subcontractors.

(1) As determined by the department, the MHP shall submit claims for reimbursement to the Medi-Cal program for eligible services.

(2) The department may offset the amount of any federal disallowance, audit exception, or overpayment against subsequent claims from the MHP. The department may offset the amount of any state disallowance, or audit exception or overpayment against subsequent claims from the mental health plan, through the 2010–11 fiscal year. This offset may be done at any time, after the department has invoiced or otherwise notified the mental health plan about the audit exception, disallowance, or overpayment. The department shall determine the amount that may be withheld from each payment to the mental health plan. The maximum withheld amount shall be 25 percent of each payment as long as the department is able to comply with the federal requirements for repayment of federal financial participation pursuant to Section 1903(d)(2) of the federal Social Security Act (42 U.S.C. Sec.

1 1396b(d)(2)). The department may increase the maximum amount
2 when necessary for compliance with federal laws and regulations.

3 (3) (A) Oversight by the department of the MHPs may include
4 client record reviews of Early Periodic Screening Diagnosis and
5 Treatment (EPSDT) specialty mental health services rendered by
6 MHPs and MHP subcontractors under the Medi-Cal specialty
7 mental health services waiver in addition to other audits or reviews
8 that are conducted.

9 (B) The department may contract with an independent,
10 nongovernmental entity to conduct client record reviews. The
11 contract awarded in connection with this section shall be on a
12 competitive bid basis, pursuant to the Department of General
13 Services contracting requirements, and shall meet both of the
14 following additional requirements:

15 (i) Require the entity awarded the contract to comply with all
16 federal and state privacy laws, including, but not limited to, the
17 federal Health Insurance Portability and Accountability Act
18 (HIPAA; 42 U.S.C. Sec. 1320d et seq.) and its implementing
19 regulations, the Confidentiality of Medical Information Act (Part
20 2.6 (commencing with Section 56) of Division 1 of the Civil Code),
21 and Section 1798.81.5 of the Civil Code. The entity shall be subject
22 to existing penalties for violation of these laws.

23 (ii) Prohibit the entity awarded the contract from using or
24 disclosing client records or client information for a purpose other
25 than the one for which the record was given.

26 (iii) Prohibit the entity awarded the contract from selling client
27 records or client information.

28 (C) For purposes of this paragraph, the following terms shall
29 have the following meanings:

30 (i) "Client record" means a medical record, chart, or similar
31 file, as well as other documents containing information regarding
32 an individual recipient of services, including, but not limited to,
33 clinical information, dates and times of services, and other
34 information relevant to the individual and services provided and
35 that evidences compliance with legal requirements for Medi-Cal
36 reimbursement.

37 (ii) "Client record review" means examination of the client
38 record for a selected individual recipient for the purpose of
39 confirming the existence of documents that verify compliance with

1 legal requirements for claims submitted for Medi-Cal
2 reimbursement.

3 (D) The department shall recover overpayments of federal
4 financial participation from MHPs within the timeframes required
5 by federal law and regulation for repayment to the federal Centers
6 for Medicare and Medicaid Services.

7 (4) (A) The department, in consultation with mental health
8 stakeholders, the ~~California Mental County Behavioral Health~~
9 ~~Directors Association of California~~, and MHP subcontractor
10 representatives, shall provide an appeals process that specifies a
11 progressive process for resolution of disputes about claims or
12 recoupments relating to specialty mental health services under the
13 Medi-Cal specialty mental health services waiver.

14 (B) The department shall provide MHPs and MHP
15 subcontractors the opportunity to directly appeal findings in
16 accordance with procedures that are similar to those described in
17 Article 1.5 (commencing with Section 51016) of Chapter 3 of
18 Subdivision 1 of Division 3 of Title 22 of the California Code of
19 Regulations, until new regulations for a progressive appeals process
20 are promulgated. When an MHP subcontractor initiates an appeal,
21 it shall give notice to the MHP. The department shall propose a
22 rulemaking package consistent with the department's appeals
23 process that is in effect on July 1, 2012 by no later than the end of
24 the 2013–14 fiscal year. The reference in this subparagraph to the
25 procedures described in Article 1.5 (commencing with Section
26 51016) of Chapter 3 of Subdivision 1 of Division 3 of Title 22 of
27 the California Code of Regulations, shall only apply to those
28 appeals addressed in this subparagraph.

29 (C) The department shall develop regulations as necessary to
30 implement this paragraph.

31 (5) The department shall conduct oversight of utilization controls
32 as specified in Section 14133. The MHP shall include a
33 requirement in any subcontracts that all inpatient subcontractors
34 maintain necessary licensing and certification. MHPs shall require
35 that services delivered by licensed staff are within their scope of
36 practice. Nothing in this chapter shall prohibit the MHPs from
37 establishing standards that are in addition to the federal and state
38 requirements, provided that these standards do not violate federal
39 and state requirements and guidelines.

1 (6) (A) Subject to federal approval and consistent with state
2 requirements, the MHP may negotiate rates with providers of
3 specialty mental health services.

4 (B) Any excess in the distribution of funds over the expenditures
5 for services by the mental health plan shall be spent for the
6 provision of specialty mental health services and related
7 administrative costs.

8 (7) Nothing in this chapter shall limit the MHP from being
9 reimbursed appropriate federal financial participation for any
10 qualified services. To receive federal financial participation, the
11 mental health plan shall certify its public expenditures for specialty
12 mental health services to the department.

13 (8) Notwithstanding Section 14115, claims for federal
14 reimbursement for service pursuant to this chapter shall be
15 submitted by MHPs within the timeframes required by federal
16 Medicaid requirements and the approved Medicaid state plan and
17 waivers.

18 (9) The MHP shall use the fiscal intermediary of the Medi-Cal
19 program of the State Department of Health Care Services for the
20 processing of claims for inpatient psychiatric hospital services
21 rendered in fee-for-service Medi-Cal hospitals. The department
22 shall request the Controller to offset the distribution of funds to
23 the counties from the Mental Health Subaccount, the Mental Health
24 Equity Subaccount, or the Vehicle License Collection Account of
25 the Local Revenue Fund, or funds from the Mental Health Account
26 or the Behavioral Health Subaccount of the Local Revenue Fund
27 2011 for the nonfederal financial participation share for these
28 claims.

29 (c) Counties may set aside funds for self-insurance, audit
30 settlement, and statewide program risk pools. The counties shall
31 assume all responsibility and liability for appropriate administration
32 of the funds. Special consideration may be given to small counties
33 with a population of less than 200,000. Nothing in the paragraph
34 shall in any way make the state or department liable for
35 mismanagement or loss of funds by the entity designated by
36 counties under this subdivision.

37 (d) The department shall consult with the California Mental
38 Health Directors Association in February and September of each
39 year to obtain data and methodology necessary to forecast future
40 fiscal trends in the provision of specialty mental health services

1 provided under the Medi-Cal specialty mental health services
2 waiver, to estimate yearly specialty mental health services related
3 costs, and to estimate the annual amount of federal funding
4 participation to reimburse costs of specialty mental health services
5 provided under the Medi-Cal specialty mental health services
6 waiver. This shall include a separate presentation of the data and
7 methodology necessary to forecast future fiscal trends in the
8 provision of Early Periodic Screening, Diagnosis, and Treatment
9 specialty mental health services provided under the Medi-Cal
10 specialty mental health services waiver, to estimate annual EPSDT
11 specialty mental health services related costs, and to estimate the
12 annual amount of EPSDT specialty mental health services provided
13 under the state Medi-Cal specialty mental health services waiver,
14 including federal funding participation to reimburse costs of
15 EPSDT.

16 (e) When seeking federal approval for any federal Medicaid
17 state plan amendment or waiver associated with Medi-Cal specialty
18 mental health services, the department shall consult with staff of
19 the Legislature, counties, providers, and other stakeholders in the
20 development of the state plan amendment or waiver.

21 (f) This section shall become operative on July 1, 2012.

22 SEC. 40. Section 14725 of the Welfare and Institutions Code
23 is amended to read:

24 14725. (a) The State Department of Health Care Services shall
25 develop a quality assurance program to govern the delivery of
26 Medi-Cal specialty mental health services, in order to assure quality
27 patient care based on community standards of practice.

28 (b) The department shall issue standards and guidelines for local
29 quality assurance activities. These standards and guidelines shall
30 be reviewed and revised in consultation with the ~~California Mental~~
31 *County Behavioral Health Directors Association of California*, as
32 well as other stakeholders from the mental health community,
33 including, but not limited to, individuals who receive services,
34 family members, providers, mental health advocacy groups, and
35 other interested parties. The standards and guidelines shall be based
36 on federal Medicaid requirements.

37 (c) The standards and guidelines developed by the department
38 shall reflect the special problems that small rural counties have in
39 undertaking comprehensive quality assurance systems.

1 SEC. 41. Section 15204.8 of the Welfare and Institutions Code
2 is amended to read:

3 15204.8. (a) The Legislature may appropriate annually in the
4 Budget Act funds to support services provided pursuant to Sections
5 11325.7 and 11325.8.

6 (b) Funds appropriated pursuant to subdivision (a) shall be
7 allocated to the counties separately and shall be available for
8 expenditure by the counties for services provided during the budget
9 year. A county may move funds between the two accounts during
10 the budget year for expenditure if necessary to meet the particular
11 circumstances in the county. Any unexpended funds may be
12 retained by each county for expenditure for the same purposes
13 during the succeeding fiscal year. By November 20, 1998, each
14 county shall report to the department on the use of these funds.

15 (c) Beginning January 10, 1999, the Department of Finance
16 shall report annually to the Legislature on the extent to which funds
17 available under subdivision (a) have not been spent and may
18 reallocate the unexpended balances so as to better meet the need
19 for services.

20 (d) No later than September 1, 2001, the department in
21 consultation with relevant stakeholders, which may include the
22 County Welfare Directors Association, the California Association
23 of Mental Health Directors, and the County Alcohol and Drug
24 Program Administrators Association, Association and the County
25 Behavioral Health Directors Association of California, shall
26 develop the allocation methodology for these funds, including the
27 specific components to be considered in allocating the funds.

28 SEC. 42. Section 15847.7 of the Welfare and Institutions Code
29 is amended to read:

30 15847.7. (a) For purposes of Sections 15847, 15847.3, and
31 15847.5, “group health coverage” includes any ~~nonprofit hospital~~
32 ~~service plan~~, health care service plan, self-insured employee
33 welfare benefit plan, or disability insurance providing medical or
34 hospital benefits.

35 (b) This section shall become operative on July 1, 2014.

36 SEC. 43. Section 17604 of the Welfare and Institutions Code
37 is amended to read:

38 17604. (a) All motor vehicle license fee revenues collected in
39 the 1991–92 fiscal year that are deposited to the credit of the Local

1 Revenue Fund shall be credited to the Vehicle License Fee Account
2 of that fund.

3 (b) (1) For the 1992–93 fiscal year and fiscal years thereafter,
4 from vehicle license fee proceeds from revenues deposited to the
5 credit of the Local Revenue Fund, the Controller shall make
6 monthly deposits to the Vehicle License Fee Account of the Local
7 Revenue Fund until the deposits equal the amounts that were
8 allocated to counties, cities, and cities and counties as general
9 purpose revenues in the prior fiscal year pursuant to this chapter
10 from the Vehicle License Fee Account in the Local Revenue Fund
11 and the Vehicle License Fee Account and the Vehicle License Fee
12 Growth Account in the Local Revenue Fund.

13 (2) Any excess vehicle fee revenues deposited into the Local
14 Revenue Fund pursuant to Section 11001.5 of the Revenue and
15 Taxation Code shall be deposited in the Vehicle License Fee
16 Growth Account of the Local Revenue Fund.

17 (3) The Controller shall calculate the difference between the
18 total amount of vehicle license fee proceeds deposited to the credit
19 of the Local Revenue Fund, pursuant to paragraph (1) of
20 subdivision (a) of Section 11001.5 of the Revenue and Taxation
21 Code, and deposited into the Vehicle License Fee Account for the
22 period of July 16, 2009, to July 15, 2010, inclusive, and the amount
23 deposited for the period of July 16, 2010, to July 15, 2011,
24 inclusive.

25 (4) Of vehicle license fee proceeds deposited to the Vehicle
26 License Fee Account after July 15, 2011, an amount equal to the
27 difference calculated in paragraph (3) shall be deemed to have
28 been deposited during the period of July 16, 2010, to July 15, 2011,
29 inclusive, and allocated to cities, counties, and a city and county
30 as if those proceeds had been received during the 2010–11 fiscal
31 year.

32 (c) (1) On or before the 27th day of each month, the Controller
33 shall allocate to each county, city, or city and county, as general
34 purpose revenues the amounts deposited and remaining unexpended
35 and unreserved on the 15th day of the month in the Vehicle License
36 Fee Account of the Local Revenue Fund, in accordance with
37 paragraphs (2) and (3).

38 (2) For the 1991–92 fiscal year, allocations shall be made in
39 accordance with the following schedule:

1		Allocation
2	Jurisdiction	Percentage
3	Alameda	4.5046
4	Alpine	0.0137
5	Amador	0.1512
6	Butte	0.8131
7	Calaveras	0.1367
8	Colusa.....	0.1195
9	Contra Costa	2.2386
10	Del Norte	0.1340
11	El Dorado	0.5228
12	Fresno	2.3531
13	Glenn	0.1391
14	Humboldt	0.8929
15	Imperial	0.8237
16	Inyo	0.1869
17	Kern	1.6362
18	Kings	0.4084
19	Lake	0.1752
20	Lassen	0.1525
21	Los Angeles	37.2606
22	Madera	0.3656
23	Marin.....	1.0785
24	Mariposa	0.0815
25	Mendocino	0.2586
26	Merced	0.4094
27	Modoc	0.0923
28	Mono	0.1342
29	Monterey	0.8975
30	Napa	0.4466
31	Nevada	0.2734
32	Orange	5.4304
33	Placer	0.2806
34	Plumas	0.1145
35	Riverside	2.7867
36	Sacramento	2.7497
37	San Benito	0.1701
38	San Bernardino.....	2.4709
39	San Diego	4.7771
40	San Francisco	7.1450

1	San Joaquin	1.0810
2	San Luis Obispo	0.4811
3	San Mateo	1.5937
4	Santa Barbara	0.9418
5	Santa Clara	3.6238
6	Santa Cruz	0.6714
7	Shasta	0.6732
8	Sierra	0.0340
9	Siskiyou.....	0.2246
10	Solano	0.9377
11	Sonoma	1.6687
12	Stanislaus	1.0509
13	Sutter	0.4460
14	Tehama	0.2986
15	Trinity	0.1388
16	Tulare	0.7485
17	Tuolumne	0.2357
18	Ventura	1.3658
19	Yolo	0.3522
20	Yuba	0.3076
21	Berkeley	0.0692
22	Long Beach	0.2918
23	Pasadena	0.1385
24		

25 (3) For the 1992–93, 1993–94, and 1994–95 fiscal years and
 26 fiscal years thereafter, allocations shall be made in the same
 27 amounts as were distributed from the Vehicle License Fee Account
 28 and the Vehicle License Fee Growth Account in the prior fiscal
 29 year.

30 (4) For the 1995–96 fiscal year, allocations shall be made in the
 31 same amounts as distributed in the 1994–95 fiscal year from the
 32 Vehicle License Fee Account and the Vehicle License Fee Growth
 33 Account after adjusting the allocation amounts by the amounts
 34 specified for the following counties:

35		
36	Alpine	\$(11,296)
37	Amador	25,417
38	Calaveras	49,892
39	Del Norte	39,537
40	Glenn	(12,238)

1	Lassen	17,886
2	Mariposa	(6,950)
3	Modoc	(29,182)
4	Mono	(6,950)
5	San Benito	20,710
6	Sierra	(39,537)
7	Trinity	(48,009)

8
9 (5) (A) For the 1996–97 fiscal year and fiscal years thereafter,
10 allocations shall be made in the same amounts as were distributed
11 from the Vehicle License Fee Account and the Vehicle License
12 Fee Growth Account in the prior fiscal year.

13 (B) Initial proceeds deposited in the Vehicle License Fee
14 Account in the 2003–04 fiscal year in the amount that would
15 otherwise have been transferred pursuant to former Section 10754
16 of the Revenue and Taxation Code for the period June 20, 2003,
17 to July 15, 2003, inclusive, shall be deemed to have been deposited
18 during the period June 16, 2003, to July 15, 2003, inclusive, and
19 allocated to cities, counties, and a city and county during the
20 2002–03 fiscal year.

21 (d) The Controller shall make monthly allocations from the
22 amount deposited in the Vehicle License Collection Account of
23 the Local Revenue Fund to each county in accordance with a
24 schedule to be developed by the State Department of State
25 Hospitals in consultation with the ~~California Mental~~ *County*
26 *Behavioral* Health Directors Association of California, which is
27 compatible with the intent of the Legislature expressed in the act
28 adding this subdivision.

29 (e) Before making the monthly allocations in accordance with
30 paragraph (5) of subdivision (c) and subdivision (d), and pursuant
31 to a schedule provided by the Department of Finance, the
32 Controller shall adjust the monthly distributions from the Vehicle
33 License Fee Account to reflect an equal exchange of sales and use
34 tax funds from the Social Services Subaccount to the Health
35 Subaccount, as required by subdivisions (d) and (e) of Section
36 17600.15, and of Vehicle License Fee funds from the Health
37 Account to the Social Services Account. Adjustments made to the
38 Vehicle License Fee distributions pursuant to this subdivision shall

- 1 not be used in calculating future year allocations to the Vehicle
- 2 License Fee Account.

O